Daily Report

Latin America

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Peru

In an interview with DER SPIEGEL, President Fujimori outlined his plans to turn Peru into a "real democracy" and answered questions concerning his actions since the 5 April palace coup. Fujimori said that the events in his country will serve as a signal to the other countries of Latin America, because what has been termed a "coup has turned Peru into an exemplary democracy."

Terrorist attacks continue in Lima with at least 18 people—11 soldiers, two policeman, and five civilians—injured in bomb attacks, Madrid EFE reports.

Chile

President Aylwin presented a review of the economic and political successes of his administration and described a number of sweeping reform proposals during his state of the nation address carried on Santiago radio. Included in his reforms are a number of measures to impose greater control over the military, such as presidential control of the appointment and dismissal of the commanders in chief of the Armed Forces, and a streamlining of the legislative and judicial branches. Santiago TV reports that the leaders of a number of rightist political parties are opposed to Aylwin's reforms because they "clearly aim to return to a political system that failed 30 years ago in Chile." Other political parties, such as the Christian Democratic Party advocated the proposed reforms since they represent "universally accepted democratic principles" and will assist in the removal of "authoritarianism" that continues to exist in the government.

Inter-American

Managua TV reports on an interview with Nicaraguan Foreign Affairs Minister Leal about the presidential summit to take place in Managua. Leal says that Colombian President Gaviria will not attend the summit "because he must attend to domestic affairs." He says that a cooperation agreement is expected to be signed with Argentine President Menem. When asked about his expectations for the summit, Leal replied it will reflect "on the new outlook in Central America and to outline where Central America is headed on such topics as immigration, politics, and other subjects."

Venezuela

Caracas TV reports on a 27 May speech by President Perez on the violent situation in Venezuela. Perez stated that "We cannot allow minority sectors...to take advantage of the current situation to provoke acts of violence and the destruction of natural resources." In another report by Caracas TV, Perez confirmed the existence of misfits whose intentions are to use the situation that prevails in the nation, "...but they in no way represent subversion at a national level."

Guatemala

PRENSA LIBRE reports on a news conference held by former presidential candidate Colonel Luis Ernesto Sosa Avila on 27 May at MLN headquarters. Sosa "demanded that the government capture those responsible for the murder of Colonel Andrade de Leon" and gave President Serrano a "48-hour deadline to explain this despicable crime." He accused Serrano of "living it up in Europe" while terrorism, violence, and murders continue. Sosa "hinted" that if the deadline is not met, "all Guatemalans" will be asked to protest at the National Palace and President Serrano's resignation will be demaned. "We want to tell President Serrano that we are now on a war footing; we will avenge the murder of our comrade-in-arms...." Sosa added, "This government will crumble by itself because its members are corrupt."

Nicaragua's Leal Comments on Presidential Summit

PA2805004892 Managua Sistema Nacional de Television Network in Spanish 0100 GMT 27 May 92

[Report on an interview with Nicaraguan Foreign Affairs Minister Ernesto Leal by reporter Maria Elsa Suarez; place and date not given—recorded]

[Text] Colombian President Cesar Gaviria officially reported that he will not take part in the Central American presidential summit slated to take place in Managua on 4 and 5 June. Foreign Affairs Minister Ernesto Leal informed reporter Maria Elsa Suarez exclusively that the isthmian presidents will sign cooperation agreements with Argentine President Carlos Menem at the summit.

The Colombian president informed the Nicaraguan Foreign Affairs Ministry that he will not take part in the summit because he must attend to domestic affairs. The Argentine president, however, has already confirmed he will attend the summit.

[Begin recording] [Leal] The Central American presidents will sign a document with Argentine President Carlos Menem.

[Suarez] Dealing with what?

[Leal] Regarding trade. [end recording]

Leal explained that the meeting of Central American foreign ministers, which will take place on 29 and 30 May at the Camino Real Hotel, will be to review compliance. A definitive agenda will be drawn up at the presidential summit from those points that are pending from all the previous summits.

[Begin recording] [Suarez] What are the expectations for this summit?

[Leal] This summit will be utilized to outline the president's decision on the new outlook in Central America and to outline where Central America is headed on such topics as immigration, politics, and other subjects already mentioned. [end recording]

The presidential summits began with Esquipulas I. At Esquipulas II, a process was outlined to achieve firm and lasting peace in Central America. The four subsequent summits at Alajuela, San Isidro de Coronado, Tela, and Costa del Sol, were aimed at bringing peace and democracy to Nicaragua.

The Montelimar meeting took place during the Nicaraguan Government's transitional period. The Antigua summit dealt with economic topics. The Puntarenas summit declared Central America an area of peace, democracy, liberty, and development. The last two meetings were intended to address social and agricultural concerns. The upcoming Managua meeting will be to determine the future of Central American integration.

OAS Secretary General on Democracy in Region

PY2805222192 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 28 May 92

[Telephone interview with OAS Secretary General Joao Baena Soares by Television Nacional anchorman Bernardo de la Maza in Santiago—live]

[Text] [De la Maza] The Rio Group and EEC members will meet at the Foreign Ministry building as of 29 May. OAS Secretary General Joao Baena Soares arrived in Santiago today to attend the meeting. We will now talk with him by telephone.

Good Evening, Mr.Soares.

[Soares] Good evening.

[De la Maza] Thank you for participating in the "24 Hours" program. I would like to ask you about the democracy which is becoming more firm in the continent. It is said that the OAS adopted a weak position toward Peru because it virtually made no major decisions following the palace coup by a president who suspended the congress. What is your opinion about this?

[Soares] I believe that this is not the case. The Peruvian president attended the OAS session to explain his position and assumed a commitment with his people in the presence of the OAS member countries represented by their foreign ministers. He promised to return the country as soon as possible...

[De la Maza, interrupting] Did he set a date?

[Soares] Five months. We will go to Peru the day after tomorrow to continue negotiations. A deadline of five months has been set, and we will insist on a date. What it is important is that the president has changed his previous position.

[De la Maza] What are the chances for democracy in Latin America, considering the de facto coup in Peru, and the possibility of a coup in Venezuela and in other countries, not to mention Haiti. The conditions for the success of democracy are not really very clear.

[Soares] One important fact is the reaction of the OAS member countries toward any disruption of the democratic order. This did not occur in the past. This is an important aspect to be considered here in Santiago. The mechanisms to defend democracy were outlined during the OAS session. In my opinion, the poverty affecting Latin American countries jeopardizes this democracy. The great struggle should be aimed at establishing better standard of living for our people.

[De la Maza] Many thanks for participating in the "24 Hours" newscast tonight.

[Soares] Many thanks to you.

Cuba

Havana Notes Criticism of U.S. Refugee Policy

FL2805221692 Havana Radio Reloj Network in Spanish 1946 GMT 28 May 92

[Text] Today, the UN High Commissioner for Refugees stated that she is extremely upset by the U.S. decision to force the refugees to return to Haiti. In Washington, High Commissioner Sadako Ogata emphasized the existence of international treaties that prohibit forcing people rescued in the high seas to return to the country from which they fled. The declarations of Ogata are related to the decision by U.S. President George Bush to consider the majority of cases of refugees fleeing Haiti, as economic rather than political.

The U.S. position was announced on 24 May. Since then, two vessels of Haitians trying to escape the military dictatorship established in Port-au-Prince after the coup that overthrew the government of Jean-Bertrand Aristide, have been returned to Haiti.

Vice President Fernandez' Spain Visit Reported

PA2805215192 Havana Radio Havana Cuba in Spanish 0100 GMT 28 May 92

[Report by Pedro Martinez Pirez from Santiago de Compostela, Spain]

[Text] Greetings, dear listeners. This is Pedro Martinez Pirez, special Radio Havana Cuba representative, live from Santiago de Compostela. The Cuban delegation returned from Oleido, La Coruna Province, early on 28 May, after a busy day in two Galician provinces, Pontevedra and La Coruna.

Vice President Jose Ramon Fernandez was interviewed on 28 May by two important radio networks and two important Spanish journalists. He was interviewed by Francisco Lovacon for Radio Nacional's "So You May See" program. Vice President Fernandez emphasized Cuba's convictions regarding its future, despite the blockade. He reasserted the historical ties between Cuba and Spain.

During his interview with journalist Luis (Beloaco) for [name indistinct] radio's "Protagonists" program, which has a large audience in Spain, Vice President Fernandez also talked about Cuba's situation, the Cuban people's struggle during the special period, and against the double blockade. He also emphasized President Fidel Castro's determination to participate in the second Ibero-American summit in July.

Hours later, Fernandez was one of the main speakers at the Silleda Fair, an important agrarian and livestock fair that features an exhibition of agricultural equipment and is considered the most important fair in Spain—perhaps in Europe. The fair was inaugurated by Galician Junta President Manuel Fraga, and it included the participation of Portugal's agriculture minister, who is also chairman of the EEC's council of agriculture ministers. Jose Ramon Fernandez used the occasion to talk about the criminal economic blockade against Cuba and to review the enormous efforts exerted by the Cuban people in the food program in order to achieve economic independence.

Following his participation in the Silleda Fair, despite a slight drizzle and the cold temperature, the Cuban delegation went to La Coruna, located in northern Galicia. The largest and warmest event was held there, organized by Oleido Mayor Angel Garcia Seoane. It was a dinner that included the participation of approximately 800 persons. The proceeds of that dinner will be used to continue the aid Oleido's municipality has been sending to Cuba in recent months. Mayor Garcia Seoane reasserted the municipality's solidarity with the Cuban revolution, and he strongly rejected the economic blockade against Cuba. Vice President Fernandez gave a heartfelt speech and stated the following:

[Begin Fernandez recording] It is a disgrace that, in the middle of the 20th century, a powerful nation is trying to subject a nation that will never subject itself to foreign, selfish interests. It is a powerful nation, full of arrogance, marked by a triumphant attitude following the Eastern European crisis and the Gulf war; yet we can assure you, dear friends, Cuba will never relinquish its position. We are the legitimate heirs of the Galician people's indomitable will, firm decision to fight, clear awareness of our rights, and strong determination not to be defeated—ever. The Galician people have proved this while defending their land for more than 2,000 years. We, like you, have been doing this for years and years, and we will do it—not until our death but until we achieve a final victory. [end recording]

Party Leader Speaks at UNEAC Council Meeting

FL2805184192 Havana Radio Rebelde Network in Spanish 1700 GMT 28 May 92

[Text] Speaking at a meeting of the national council of the National Union of Cuban Writers and Artists [UNEAC], Carlos Aldana, a member of the Cuban Communist Party [PCC] Politburo, mentioned those who still believe in siren songs and let themselves be misled by supposed benefits.

[Begin Aldana recording] I think that a lot of comrades know that all those legends about other countries, and life in other countries... [pauses] Perhaps those who have not experienced it tend to idealize it and assume that if you live in a society where you can buy Colgate toothpaste or use Fresh deodorant you are happy. A lot of people are going through a difficult time. They are hibernating like bears. Generally they are cut off from the creative point of view, because you cannot live when you lose your roots. [end recording]

Politburo members Carlos Aldana also stated during the final session of the UNEAC national council that the country has a movement of creators and artists that is

worthy of the revolution. The party leader described the discussions that had taken place as an example of maturity and commitment to the people, the country, and the party. Aldana specified that the country's leadership has the will to promote space for dialogue and wide-ranging, respectful discussion that is committed to our fundamental policy. He said that these must be well-structured spaces, with dimension, continuity, and organic ties to the country's leadership.

In this regard, Carlos Aldana referred to the prompt formation of the cultural commission of the Central Committee, among the standing working commissions approved at the Fourth PCC Congress. The party leader said that this commission should promote what for lack of a better name we have called the cultural forum, which exists and has an ongoing life. He said that it is a question of promoting dialogue about the specific problems of the cultural sector and the essential issues of the country among artists and creators who are fully identified with the revolution.

Concerning the issue of the temporary residence of Cuban artists abroad, he said that the vast majority of them are carrying out productive work promoting Cuban culture, with greater or lesser emphasis on their individual work. In this regard, the Politburo member commented that more than a few of these artists are also waging the ideological battle to defend Cuba's truth against slanders and insults, and that this behavior defines the person and is a matter of strictly personal responsibility of each person.

Supply, Cooperation Accords for Tourism Signed

FL2905001192 Havana Cuba Vision Network in Spanish 2220 GMT 28 May 92

[Text] Tecnotour-92 has been instrumental in the signing of important supply and cooperation accords for the development of Cuba's tourism industry. This afternoon, the State Committee for Economic Cooperation [CECE] sponsored the signing of three of these accords which will make it possible to acquire kitchen, oven, laundry, and dry cleaning equipment. The Cubanacan Corporation and the CECE Project Administration Directorate arranged this contract for supplies with three companies: Flores Valles; (Yirban), and (Rational), which are participating in the Fourth International Tourism Industry Technology and Equipment Fair that opened on Monday in Pabexpo.

Likewise, the Cimex Corporation and the Graphitel enterprise reached an accord to supply printed souvenirs, including more than 100 types of products. This contract was signed by Graphitel director Rodolfo Villareal and Gilberto Perez, Cimex general commercial director.

Tecnotour-92 will conclude on 31 May.

Believers Contributing to Agricultural Effort

PA2805194492 Havana Radio Havana Cuba in Spanish 0000 GMT 28 May 92

[Roberto Morejon commentary]

[Text] A photograph showing a young man performing agricultural chores, his back turned toward the camera, wearing a shirt that reads: Christ, I love you, accompanies an article in the latest issue of the Cuban weekly JUVENTUD REBELDE on the participation of believers in vital agricultural duties. The print, voice, and television media have noted the large incorporation of young Catholics and Protestants into prioritized daily productive activities to resolve once and for all the labor shortage in Cuba's fields.

The development of the food program which is to obtain agricultural self-sufficiency depends on the resources that may be obtained with foreign exchange, Cuban initiative, and, most of all, mass participation in planting and harvesting. Although still timidly, the local news media comment on the activities of believers who support the historic project of the Cuban nation, strive to protect its sovereignty, and ask to work in areas vital for the survival of 10 million Cubans. The people as a whole find this reporting timely, although Havana Bishop Jaime Ortega criticized it in his archdiocese bulletin. As the prelate sees it, to make a distinction as to the status of these young peoples' beliefs constitutes a kind of discrimination. JUVENTUD REBELDE dismissed this view. The Cuban publication considered as a healthy interest in overcoming old prejudices the public acknowledgment of how broad sectors of the population, regardless of their beliefs, are working in the fields, under the burning tropical sun, because they know this is the only source from which their vital food supplies will come. The weekly pointed out that it is useful to recognize an arduous task that contributes to improve relations of cooperation and respect between atheists and believers who, despite having a different cosmic vision, concur in practicing generosity. We cannot forget that the 4th Congress of the Communist Party of Cuba and the 6th Congress of the Union of Young Communists, which were held months ago, in fact encouraged everything that benefits the unified nature of the current political program. Joint agricultural activities contribute toward that goal. For Cubans, survival and protecting the country's sovereignty are now the vital things, not engaging in prior discussion on the ideal or material origin of the world.

Dominican Republic

Deputy Foreign Minister on Haitian Refugees

FL2805143692 Santo Domingo Cadena de Noticias in Spanish 1000 GMT 28 May 92

[Text] Deputy Foreign Minister Fabio Herrera Cabral has warned that the arrival of thousands of Haitians

could cause a famine in the country. In effect, Herrera Cabral reiterated that the Dominican Republic is not in any position to take in thousands of Haitian refugees from the United States.

The undersecretary of foreign relations emphasized that the nation cannot take in the Haitians, not even in transit to other countries. He claimed that we cannot provide the thousands of Haitians who are fleeing the present situation in the neighboring country with food or guarantee them effective care. Deputy Foreign Minister Fabio Herrera Cabral made these comments at the National Palace after meeting with President Joaquin Balaguer.

Haiti

Army Warned 'To Step Aside,' Dissension Growing

FL2905115192 Bonaire Trans World Radio in English 1130 GMT 29 May 92

[Text] Haiti's ousted president, Jean-Bertrand Aristide, has warned the military to step aside before his nation explodes. Yesterday, the Army and state radio in Port-au-Prince reported up to five soldiers have been killed in the capital since Saturday [23 May]. Dissension is also growing in the Army. Haiti's soldiers are said to be angry that they have not been paid for the last two months. The crisis in Haiti began last September when Mr. Aristide was overthrown.

Costa Rica

Calderon Defends Creation of Coffee Fund

PA2805162592 San Jose Radio Reloj in Spanish 0100 GMT 28 May 92

[Text] President Rafael Angel Calderon Fournier, when questioned by a National Liberation Party deputy who opposes the creation of the Coffee Stabilization Fund [Fondo de Estabilizacion del Cafe], said there are no problems with publishing the list of 100,000 coffee growers in Costa Rica.

The president said the coffee fund is inspired by a similar system in Colombia, a country with a tradition of great coffee production, as in Costa Rica. In Colombia, where there are small, medium, and large coffee growing operations, the fund has been very successful because growers pay in proportion to their production. Resources are then distributed in the same proportion, Calderon said. Financial assistance to coffee growers by the Coffee Stabilization Fund will depend on production, which means the greater a coffee grower produces, the more he will receive and the more he will have to contribute, the president added.

The president said that he is willing to explore other suggestions. Calderon Fournier said that as head of the government he has an obligation to take the initiative and make proposals, and if there are better suggestions they should be presented; but plans should not be delayed any further because the goal is to save the country's coffee business, in view of the drop in international coffee prices.

El Salvador

Ad-Hoc Commission Member Discusses Army Purges

PA2805221492 San Salvador Canal Doce Television in Spanish 0300 GMT 28 May 92

[Text] Ad-Hoc Commission member Eduardo Molina Olivares announced on 27 May that, in compliance with the Peace Agreements, the Armed Forces' purge process has begun. The Ad-Hoc Commission was instituted after the peace agreements were signed. Molina Olivares said on 27 May that, since its official inception on 19 May, work is now underway on the files of more than 2,000 discharged officers. He said the Defense Ministry has already provided the list of Army officers, together with the required information to begin the Army purge.

[Begin Molina recording] The commission is going to evaluate the professional conduct of officers and their conduct as uniformed men who had troops under their command and who might have violated human rights during difficult moments. The commission will also review their aptitude during this process—to ensure they are able to continue with the military under the new Armed Forces concept—a new concept for a country on its way to democracy. The commission must perceive that officers are happy and in agreement with these changes. [end recording]

On the subject of the participation of Generals Eugenio Vides Casanova and Rafael Humberto Larios, Molina Olivares said that their role will be as advisers to help commission members with any questions on military matters, and he ruled out that they may exert any influence at the time of any final decision. He also rejected that the commission is politicized.

[Begin recording] [Molina] Honestly speaking, the commission is not politicized. Each one of us has his own political ideas; however, we are acting here as Salvadorans with a very clear and defined mandate, with which we want to comply.

[Unidentified reporter] Is this difficult because it is a commission that (?has members who tend) to be very strong and ideologically and politically independent?

[Molina] Undoubtedly, the commission fulfills a very delicate task. We expect, however, that the Armed Forces' members themselves understand what the mission is. The government signed these agreements, and it is obliged to comply with them. [end recording]

The only two decisions after three months of commission work will be to recommend the discharge or transfer of the officers, Molina Olivares said. He said that the start-up financing came from the Scandinavian countries.

Foreign Minister on Japanese Donation, Visit

PA2805200592 San Salvador Canal Doce Television in Spanish 0300 GMT 28 May 92

[Text] Foreign Minister Manuel Pacas Castro confirmed on 27 May that the Japanese Government has donated $9 million to the National Reconstruction Plan [PNR] to produce basic grains and build roads. The foreign minister said that of the $9 million total, a disbursement of only $400,000 has been officially confirmed. The funds will be destined for El Salvador's education channel. The amount completing Japan's donation to the PNR will be officially announced in a matter of days, and it will be used to repair roads and buy basic grains.

[Begin Pacas recording] Two other donations are currently being processed. One will be for $3.2 million, approximately 4 million yen, to develop the basic grains program. This program has been carried out on a yearly basis and it is handled through the Agrarian and Livestock Development Bank. We also have an important donation—$5 million, approximately 625 million yen—to support the reconstruction of the country's roads. [end recording]

Minister Pacas said the aid is a result of Planning Minister Mirna Lievano de Marquez' visit to Japan in

search of economic aid for El Salvador after the peace accords were signed. A high-level Japanese delegation will visit the country.

[Begin Pacas recording] Our economic relations with Japan have increased since the peace accords were signed. The planning minister's trip to Japan was the result of an invitation from the Japanese Government to learn in detail of the Salvadoran people's needs within the PNR. In addition, a high-level delegation is scheduled to visit the country early in July. They intend to do the same, meaning they want to learn about and assess the country's need for cooperation and technical aid. [end recording]

Pacas confirmed he will travel to Nicaragua on 29 May to participate in a foreign ministers' meeting to prepare the agenda for the Central American presidents' June summit in Nicaragua.

'Heavily Armed Men' Kidnap Justice Official

PA2905044192 San Salvador Canal Doce Television in Spanish 0300 GMT 29 May 92

[Excerpts] Heavily armed men kidnapped Supreme Court of Justice official Jose Rene Garcia Pineda early on the morning of 28 May when he was leaving his house, located in the Atlacatl housing project. His relatives say Rene Garcia was kidnapped for political reasons.

All the information provided by neighbors who witnessed the event clearly indicates Rene Garcia was kidnapped. He is a well-known Supreme Court of Justice official responsible for serving subpoenas. The kidnapping occurred at approximately 0900, when Garcia was leaving his house on his motorcycle. [passage omitted]

Rene Garcia is also a member of the General Association of Public and Municipal Employees, AGEPYM. The organization condemned the kidnapping of one of its directorate board members and asked the government to fully investigate the case.

[Begin unidentified AGEPYM member recording] We ask the authorities to hold an investigation and, if it involves an arrest for a common crime, then whoever is arrested should be sent to the appropriate court as soon as possible—according to the law. Otherwise, we demand his release and respect for his physical and moral welfare. We have no information on comrade Rene Garcia's whereabouts. [end recording]

His relatives called the kidnapping political because the official had stated his decision to report irregularities in the country's judicial system. Jose Rene Garcia has been working at the Supreme Court of Justice for 22 years. He had been appointed as a subpoena server, but he has been on leave without pay for several days due to a dispute with his superiors.

Police Reportedly Evict Peasants From Farms

PA2905030892 San Salvador Canal Doce Television in Spanish 0300 GMT 28 May 92

[Text] Peasants have reportedly been evicted in Ahuachapan, according to a 28 May report by the CTC [Farm Workers Federation]. According to the organization, more than 1,000 families were evicted from a private farm.

The eviction of peasants from what is considered private land has continued in recent hours. The CTC reported the eviction of more than 130 families from a farm in Ahuachapan—where people were presumably arrested.

[Begin unidentified speaker recording] Two National Police trucks arrived at 1000 on 26 May and the policemen began to fire their weapons in front of the peasants. Comrades were arrested and taken to the police post in La Hachadura, where they still remain—beaten, we are told. Most of the 130 peasant families remained at the farm and National Police reinforcements returned at 1800, and the peasants were evicted. [end recording]

The organized peasants said the land takeovers will continue due to the measures adopted by the authorities, which evict peasant families—without the appropriate orders—from land that should be expropriated according to the agreements.

[Begin unidentified speaker recording] We believe the land takeovers will continue even if the CTC and the [name indistinct] do not support them. Land takeovers will continue if the government does not solve the land problem. [end recording]

Guatemala

Opposition Gives President Serrano Ultimatum

PA2905032892 Guatemala City PRENSA LIBRE in Spanish 28 May 92 p 2

[Text] On 27 May, the 46th class of the Polytechnic School led by former presidential candidate Colonel Luis Ernesto Sosa Avila gave President Serrano a 48-hour deadline to explain the murder of Colonel Raul Andrade de Leon. Otherwise, Sosa added, he will demand the president's resignation. In addition, he said, "We are on a war footing."

Col. Sosa held a news conference on the afternoon of 27 May at the headquarters of the National Liberation Movement (MLN), in which he demanded that the government capture those responsible for the murder of Col. Andrade de Leon. "We are giving President Serrano a 48-hour deadline to explain this despicable crime because what is taking place in Guatemala is already enough," he said.

He stressed that he spoke on behalf of all retired military officers of the 46th class of the Polytechnic School,

which also includes former Guatemalan President General Eugenio Laugerud Garcia. He explained that the 48-hour deadline allows more than enough time to capture the murderers. Col. Sosa added that it is very sad to see that, while the leaders of the country, including President Serrano, are living it up in Europe, terrorists acts, widespread violence, and murders like that of Col. Andrade de Leon's continue in this country.

He hinted at the possibility that, if this crime is not resolved before the 48-hour deadline expires, the 46th class of the Polytechnic School will call upon all Guatemalans, including retired military officers, to protest in front of the National Palace. This protest will be "to demand the resignation of President Serrano. We want to tell President Serrano that we are now on a war footing; we will avenge the murder of our comrade in arms, Andrade," he said.

Sosa, who confirmed that the slain colonel was a member of the 46th class of the Polytechnic School, emphasized that these protests are not intended to promote a coup d'etat, because there is no need for that. "This government will crumble by itself because its members are corrupt," he concluded.

Honduras

President Callejas Denies Reelection Aspirations

PA2905030792 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 28 May 92

[Text] I will not violate the Constitution of the Republic to be reelected president of Honduras, President Rafael Leonardo Callejas said. He added that he does not aspire to another public office.

Carlos Montoya, who aspires to the Presidency, said in San Pedro Sula that the nationalists, through the Commission for the Modernization of the State, intend to create the office of prime minister so that current President Rafael Leonardo Callejas may continue to rule the country.

The two nationalist candidates reportedly have no personality. This has caused a crisis within this movement because they do not have a leader. Thus, now that they realize that the reelection they boasted about earlier will be hard to attain, they want to create the office of prime minister so Callejas can use his image to help them win the elections, Carlos Montoya said.

The Presidential Commission for the Modernization of the State met on 27 May at the Presidential House. President Callejas headed the meeting and spoke about this topic:

[Begin Callejas recording, in progress] ...this Commission for the Modernization of the State has been discussing reforms aimed at structuring a new institutional system that would include a prime minister.

You and I are witnesses to the fact that a concern of this kind has never been analyzed by this commission. It is correct if, from the viewpoint of a national debate, the topic comes up amid other circumstances, but I reiterate that this commission is here to act in accordance with the mandate granted to us by the Congress of the Republic. This topic has not been discussed and, on my part, I do not intend to discuss it either.

We have no interest in changing constitutional precepts, but we are interested in respecting the institutional reality of the country. However, if there are sectors that somehow intend to discuss this topic, I ask them not to mention it to the Modernization Commission, because that would mean that some mutual confidence has been lost inside the commission. It is not our purpose, or yours either, to have this commission used for political purposes.

This is a commission with a long term. We expect it to have a good standing in the national life, and we want the resolutions that may come from it—which will stem from consensus—to have the same legitimacy as the way in which the Congress appointed us to this commission and as the sectors you represent.

I say this because, if we go into a debate in which this commission is used as a basis to discuss political problems—which do not concern us, at least not ones like this affair—then there could be alternatives proposed by this commission that could be considered to have other purposes.

I reiterate, as I have before, that there is a constitutional mandate. The president of the Republic has a four-year term. He cannot be reelected and does not aspire to any other public office.

At least in my particular case, I want to state the situation clearly. [end recording]

Nicaragua

Spanish Envoy Denies Economic Assistance Cuts

PA2805201392 Managua LA PRENSA in Spanish 26 May 92 p 3

[Report by Denis Garcia Salinas]

[Text] Miguel Angel Fernandez-Mazarambroz, Spain's ambassador to Nicaragua, told LA PRENSA on 26 May that Spain has no intention of cutting its economic assistance to the government of President Violeta Chamorro. According to Ambassador Fernandez-Mazarambroz, neither is Spain planning to recommend that other countries suspend their respective assistance. On the contrary, Spain is advocating an increase in aid to Nicaragua.

When questioned with respect to statements made on 25 May by General Humberto Ortega, head of the Sandinist People's Army [EPS], concerning National Assembly

President Alfredo Cesar's plans to start a "campaign in Spain aimed at blocking" economic assistance to Nicaragua, Ambassador Fernandez-Mazarambroz stated that "I am quite sure that Spain is not considering the possibility of cutting aid to Nicaragua."

Gen. Ortega called on National Assembly President Cesar to desist in his intention to meet with King Juan Carlos of Spain in order to have European assistance to Nicaragua suspended.

Mr. Cesar pointed out to Jeane Kirkpatrick, former U.S. ambassador to the United Nations, that a portion of the assistance Nicaragua receives from the United States is flowing toward Sandinist organizations.

The Spanish ambassador said he was not aware of what the National Assembly president was "going to talk about" in Spain. However, regardless of all the rest, "our government is not interested in cutting its assistance. On the contrary, there is interest in increasing aid as much as possible."

The diplomat stated that Mr. Cesar's trip to Spain was organized one year ago and had come about as a result of an invitation made by Spanish Senate President Juan Jose Laborde during his visit to Nicaragua.

The president of the Nicaraguan National Assembly is scheduled to travel to Spain in June. According to Ambassador Fernandez-Mazarambroz, the trip was prepared four months ago, which "evidently suggests that it was scheduled before the aid issue came about."

The Spanish ambassador insisted that Spain is willing to continue helping the Chamorro government, and explained that in a meeting held in Lisbon on the weekend of 23 to 24 May to discuss issues related to helping the former Soviet Union, Mr. Inocencio Arenas, head of the Spanish delegation, said that assistance to the Soviet Union "should not come at the expense of Third World countries."

"I can assure you that Spain's assistance will not be cut or suspended," Ambassador Fernandez-Mazarambroz emphasized to LA PRENSA.

In 1991, Spain granted Nicaragua $13 million in aid and $40 million in additional credit.

Government Commission Summons Humberto Ortega

PA2905035692 Managua Radio Corporacion in Spanish 2200 GMT 28 May 92

[Text] The National Assembly Government and Justice Commission summoned Army General Humberto Ortega to appear before Congress on 29 May.

Ortega was summoned by the Chamber of Deputies to answer charges filed by parliamentarians of the National Opposition Union regarding the alleged existence of two armies: the National Army of President Violeta Barrios de Chamorro's government and a clandestine army supposedly led by Humberto Ortega's brother Daniel Ortega Saavedra.

The summoning of Gen. Humberto Ortega by the Government and Justice Commission to answer charges filed by the deputies, dismisses the possibility of his questioning by the National Assembly approved by the legislators. [sentence as heard]

Minister on Disarmament Campaign's Progress

PA2805192092 Managua LA PRENSA in Spanish 26 May 92 pp 1, 12

[Text] On announcing that civilians will be banned from wearing military uniforms, Government Minister Alfredo Mendieta has said that the government will act "firmly" to dismantle any rebel protest movement that may challenge the authorities and try to seize farms and stretches of roads.

Mendieta held a news conference on 25 May, accompanied by Army Chief General Humberto Ortega, in which they explained the progress made in the government-sponsored disarmament campaign under the slogan "Contingency Plan Summer 92."

The government minister announced that the administration has authorized the Army to take action aimed at "restoring order and legality" in the northern and western part of the country, where armed groups, particularly Sandinists, have openly rebelled.

These armed groups are demanding compliance with the agreements signed by the government on the delivery of land, property, and credits.

Mendieta stated that the Army and National Police conducted a joint operation in Regions 2 and 6 to dislodge the rebels who were occupying farms and stretches of road.

The western part of the country has practically been placed under military control.

The government minister also announced that authorities are "preparing" a new operation to dislodge rebels in Regions 1 and 5, where pressure is very high.

Mendieta explained that in Region 2 the Army already has evicted rebels from some farms, among which he mentioned those belonging to Gustavo Arguello, Rodrigo Gurdian, the Ubeda Rodriguez brothers, Rogelio Blandon, and Joaquin Ascencio in Region 6.

Also attending the news conference were Major General Joaquin Cuadra; Police Chief Rene Vivas; Lenin Cerna, head of the Army's Defense Information Commission; and Army Spokesman Ricardo Wheelock.

Panama

Endara's Attendance at Rio Summit 'Unlikely'

PA2905040692 Panama City Circuito RPC Television in Spanish 2300 GMT 28 May 92

[Report by Alexandra Ciniglio]

[Text] Since agreements were finalized late on 28 May between the Movement of the Colon Province Unemployed and the government negotiating commission, President Guillermo Endara announced he will visit Colon on 29 May. Following two meetings with the Colon City delegates, the negotiating commission promised a budget of $15.9 million, the president noted during a news conference held on 28 May. The Cabinet Council approved the budget, but the National Legislative Assembly must also agree. Endara was optimistic that investments in that province will begin as soon as possible.

The president confirmed he was going to attend the upcoming meeting of Central American presidents, to be held in Nicaragua, but did not confirm his participation at the Rio summit.

[Begin Endara recording] I have not canceled my trip to Rio yet. I must tell you, however, that the way things are going it is unlikely I will go to Rio. The work by the Presidency is done here, and I must deal with many problems. [end recording]

To conclude, and referring to the suspension of diplomatic relations with Peru, Endara explained the national government has followed the same procedure it established in Haiti's case, namely, to suspend diplomatic relations following the second session of the OAS ad hoc meeting of foreign ministers.

Legislators To Approve Constitutional Amendments

PA2905044992 Panama City Circuito RPC Television in Spanish 2300 GMT 28 May 92

[Text] Progovernment and Christian Democratic Party legislators reached an agreement to approve constitutional amendments, Leo Gonzalez of the Nationalist Liberal Republican Movement, has reported.

[Begin recording] [Gonzalez] The end result is that Panamanians do not want a parallel constituent assembly. The people want a total overhaul of the Constitution. Unfortunately, this National Legislative Assembly has not been able to do that because political interests have prevailed over the interests of the nation. It has been unfortunate, but that is the way it is. The big problem is that the progovernment parties are the only ones amending the Constitution, something that cannot be. The Constitution is a very serious matter. We must have a constituent assembly than can be elected on 7 May 1994. All the qualified persons who want to participate in amending the Constitution should be involved and not just the political parties.

[Arnulfist Party Legislator Francisco Artola] We agreed that after approving the constitutional amendments we will begin to discuss the privatization law. Getting loans and assistance from international organizations to invest in the country's infrastructure and development is contingent upon the approval of this law. I think responsible lawmakers, who are thinking of the development of the country, should reach agreements to pass the most pressing and necessary laws for the sake of the people. [end recording]

Guatemala Asked To Extradite Ex-Police Officer

PA2905000892 Panama City ACAN in Spanish 1916 GMT 28 May 92

[Text] Guatemala City, 28 May (ACAN-EFE)—The Panamanian Government asked the Guatemalan Government to extradite former Public Force Captain Jorge Eleazar Bernal Giron, who has been in that country under political asylum since 1991.

Bernal Giron, who was initially identified as a Guatemalan, sought asylum in Guatemala after the rebellion of a group of policemen in 1990.

The rebellion, headed by former Colonel Eduardo Herrera, was suppressed by U.S. troops at President Guillermo Endara's request.

The Panamanian Embassy in Guatemala informed ACAN-EFE on 28 May that documents with the results of investigations conducted on Bernal Giron, who has been charged with homicide, have been delivered.

The former Panamanian officer has been charged with the murder of a student, which occurred while he was the chief of a riot police unit.

Argentina

Menem Defends Interior Minister, Scolds Porto

PY2905005892 Buenos Aires BUENOS AIRES HERALD in English 28 May 92 p 11

[Excerpt] (NA)—President Carlos Menem yesterday once again defended his controversial Interior Minister Jose Luis Manzano and scolded Peronist senatorial candidate Avelino Porto for publicly requesting the resignation of cabinet members.

Menem said he regretted the statements of Porto, who also served as his health minister.

"I'm one of those who proposed him as candidate. I respect him because he is a great man who works actively and has done a lot in the area of education. But I suggest that he focus his moves on the electoral campaign and allow me to name or remove ministers at will," said Menem.

Porto, who on Tuesday suggested that the cabinet resign en masse to let Menem conduct an overhaul, yesterday claimed that he was not asking the ministers to tender their resignations but rather stressing he would do precisely that if he were a government official. [passage omitted]

CGT Declares 'State of Trade Union Conflict'

PY2905005092 Buenos Aires BUENOS AIRES HERALD in English 28 May 92 p 1

[Text] (NA)—The General Labour Confederation (CGT) yesterday declared "a state of trade union conflict" and threatened to launch a battle plan within a month if the government fails to meet salary demands.

In a harsh communique, the CGT warned it was "steadfastly prepared to fight for our children, women, pensioners and those we represent because they cannot be made victims of electoral interests."

The statement, unanimously approved by 259 union delegates, blasted the government's decision to cancel the collective wage bargaining contract of port workers as well as the deregulation of social welfare fund services and the reform of the social security system.

Interim CGT Secretary-General Oscar Lescano instructed the union chiefs to brace themselves "because surely we won't be able to avoid confrontation with the government."

Lescano warned that unless the government looked after social justice, a social upheaval similar to that of June of 1989, with supermarket lootings and violence, would soon break out.

'Sabotaged' Power Lines Cause Electricity Cuts

PY2905005692 Buenos Aires BUENOS AIRES HERALD in English 28 May 92 p 11

[Text] (DYN-NA)—Energy Secretary Carlos Bastos charged yesterday that power cuts registered in different parts of the country in the last few days were caused by a sabotage to electricity lines belonging to the soon to be privatized Hidronor hydro-electric company.

Bastos, who made the statements after a meeting of Economy Ministry officials, said "it would be irresponsible to blame the unions for these incidents." But he stressed that "what is clear is that the harm was done by people who oppose the overhaul" of Hidronor.

The energy secretary said chains were thrown on Hidronor electricity lines, causing power cuts in different parts of the country. He warned that similar sabotage could cause new problems in the future.

"There have been a series of attacks on the system, not only at a national level but also in the provinces," he insisted.

Bastos said the government had started an investigation to determine who was perpetrating the attacks. "But at the moment I can't say who is responsible," he added.

"As long as the system continues to be sabotaged we'll have to implement electricity cuts, and the magnitude of the outages will depend on the scope of damage inflicted by the assailants," Bastos concluded.

Brazil

Pedro Collor on Charges, Relations With Brother

PY2705205092 Sao Paulo ISTOE SENHOR in Portuguese 27 May 92 pp 23-25

["Excerpts" of interview with Pedro Collor de Mello by Augusto Fonseca in Maceio on 20 May]

[Text] [Fonseca] Why did you go so far in expanding your denunciations with the production and delivery of a recording to the prosecutor general of the Republic?

[Pedro Collor] It was because of my mother's initiative to take me out of the companies, arguing that I was not in full control of my mind, of my emotions, or similar things. It is not fair to hold me responsible for everything before the entire nation. To discharge a moral duty to myself and the nation, I will show to the people, to politicians, and to whomever may be interested that I am not mad. And more than that, I am going to prove who Paulo Cesar Farias really is.

[Fonseca] Do you intend to focus your denunciations on Paulo Cesar Farias?

[Pedro Collor] It is not just a matter of focusing or not focusing. I am going to reveal all the episodes that

involve and link Paulo Cesar Farias with Fernando, and Fernando with Paulo Cesar Farias.

[Fonseca] How?

[Pedro Collor] Paulo Cesar has performed at all times with privileged information, trafficking of influence, extortion attempts, and blackmail if necessary. He helped get people appointed to very important government posts who he could manipulate in accordance with his own interests. And this happened at several government levels. He acted on his own at the operational level but with the consent, agreement, or co-responsibility of Fernando Collor. It is impossible for an individual to act in the way Paulo Cesar Farias did for that extent of time without the consent or agreement of the president of the Republic.

[Fonseca] Are you trying to say that he acted with instructions given by the president of the Republic?

[Pedro Collor] I would not say instructions. They are all Farias' initiatives. Wherever there is something wrong or illegal, Farias has the pleasure of being there. I cannot believe that Fernando was not aware. I am not saying that Fernando was aware of everything Farias was doing, but he knew about his main activities. And Fernando allowed him to continue with those activities.

[Fonseca] Can you give concrete examples of cases in which there was connivance by the president of the Republic?

[Pedro Collor] The Vasp [Sao Paulo Airline] issue, for example. Paulo Cesar asked Marcos (Coimbra, the presidential secretary general) to telephone (Petrobras president at the time) Luis Octavio da Motta Veiga to ask for the closing of that negotiation with the Petrobras Distributing Company [Petrobras Distribuidora]. Motta Veiga refused, resisted, and Paulo Cesar talked to Marcos. Marcos said he could not do that unless it was on Fernando's orders, and Fernando personally ordered him to do that. And that is what took place. That is the best example. After everything happened—after Marcos was denounced and placed at the center of people's abuse—he was very shocked and bitter about this incident because he does not have the personality to cope with this. He privately said: "See what has happened to me for following orders." He said he eventually went to Fernando and said: "Fernando, I need something to rid myself of this problem because it is not fair for me to go through this." And Fernando responded: "Bear it; bear it because I cannot do anything now."

(The purchase of fuel sought by Vasp from Petrobras finally failed. At that time, Petrobras President Motta Veiga reported that he was being pressured by Paulo Cesar and Ambassador Marcos Coimbra to close the deal. Paulo Cesar confirmed to ISTOE that he telephoned Coimbra in the name of his "20-year friendship" with Vasp President Wagner Canhedo. Nevertheless, Paulo Cesar said that the president was not involved in the case in any way.)

[Fonseca] Why is the president so interested in allowing Paulo Cesar such a free reign in government? Apparently, he does not need money. What is it then?

[Pedro Collor] It will be difficult for you to publish what I am going to say.

[Fonseca] ISTOE will publish it.

[Pedro Collor] Look there... On a good day, Luiz Fernando Levy went to the [Planalto] Palace to talk with Fernando and Fernando asked: "Luiz Fernando, what do you think about my administration?" And Luiz Fernando responded: "Ah, I find it very good, marvelous. The main policy is correct; however, there is something, Mr. President. That man, Paulo Cesar, is denigrating your administration's image." Right there, Fernando concluded: "What can I do to stop [Orestes] Quercia [president of the Brazilian Democratic Movement Party—PMDB]?" This event is true. They [not further specified] will deny it, of course, but I know from reliable sources that this story is true.

(Interviewed by ISTOE, GAZETA MERCANTIL Director-President Luiz Fernando Levy denied that, during his talks with President Collor, they discussed anything dealing with Paulo Cesar or PMDB President Orestes Quercia.)

[Fonseca] Consequently, stopping Orestes Quercia was the president's main reason for allowing Paulo Cesar Farias to act the way he did, right?

[Pedro Collor] He also wanted to obtain cash to be able to confront Quercia in the next presidential election. Quercia is said to have I don't know how many millions of dollars for his campaign. This is what the rumors say. I don't know whether this is true, whether or not he actually has that amount of money. I do not know how much Paulo Cesar Farias has. The fact of the matter is that the conversation actually occurred.

[Fonseca] What is happening in the Collor de Mello family? Why does a brother run over another brother to attain his objectives?

[Pedro Collor] I don't know. I think that there is a price to be paid for everything in life. To be able to do what you want, you also have to do many things that you do not want to do. I reiterate that this is not the path that I chose; it was not what I wanted. But since this is the path on which God placed me, I will move along it with strong determination. It would be hard for me to evaluate now what has happened. In the future I might be able to make a more accurate evaluation. What I can say now is that all of us paid a high price for Fernando's presidency. That price, that financial equation, unfortunately entailed total division among our family. Time will tell whether I took the right path. I cannot predict the future, but now one can feel there is total division in our family.

[Fonseca] In all areas?

[Pedro Collor] Both from a family and from a brotherly viewpoint. How can I again have a brother-to-brother relationship with Fernando? How can I have the same relation with Ledinha? How can I have the same relation with Leopoldo? Even—and especially—with Leopoldo, who is very good-hearted but very weak as a person. Not with my mother. My mother is not involved in this because whatever she does is fine, because she is my mother. There is only one mother. Now, you can choose your friends but you cannot choose your brothers. Fernando can have millions of complaints about me—and others also could have complaints—because nobody is perfect. Summing up, we are paying a very high price for Fernando's election to the Presidency. When Fernando got there he was totally dazzled. He has an impressive ambition for power, and this made him become very rancorous and irritable. Since he became president he has done nothing but say within our family that I am a thief, that I am stealing. Time will tell who the thief was.... It was not me.

[Fonseca] He said you were stealing, but how were you doing that?

[Pedro Collor] He said I was stealing from the family business. Look at the price I am paying for having preserved the family property. Earlier, the company's debts were three times higher than its actual value. Now that the company's debts have dropped to zero and its assets have sharply increased he is calling me a thief. This is not the first time the president has called me a thief. He has been doing that since he became governor of Alagoas State, and he has created such a big enmity with the specific purpose of removing me from the company's chairmanship. I do not understand why he has done that. Now, more than ever, our relationship has reached a point of no return. His political life continues, but he knows I will always be here. Time will determine what will happen. I cannot foresee anything. I want to quote that story saying that "time is the master of reason." Incidentally, it was he who once wore a T-shirt bearing a phrase like that. Now I know that anything could happen to me. I could die, but this would not matter. I conceive and interpret all this as a sign from God, and if he has given me this mission I intend to continue with it. If I have to pay this or that price, I will do so without any complaint. I am going ahead anyway. Man's justice will be done if God wants it that way. I am guiding my actions closely with spiritual things because I never thought I would be in a situation like this.

[Fonseca] You are talking a lot about God. Is He guiding your actions?

[Pedro Collor] God is very much present in my actions. He has always been present. From time to time, one can see a number of factors falling into place, which you can interpret as a sign.

[Fonseca] Have you ever had good relations with your brother Fernando?

[Pedro Collor] It was very good. At the beginning it was excellent, especially because of our age range. He and I are the two brothers who spent the most time together. Things stayed that way until 1979, when he became mayor of Maceio after leaving the family business to start his political career. I, who was only in charge of the television station, began to manage the entire organization. Our relations began to deteriorate then. All this happened with assistance from outsiders interested in separating us. They persisted all the time in their efforts, which have resulted in what you can see now.

[Fonseca] Before your brother became mayor of Maceio, did you perceive any sign that your relationship might reach this point?

[Pedro Collor] Until that time he was a man who was very close to his family. After he became mayor of Maceio, Fernando ended his marriage to Lilibeth and became a different person from the one I used to know. From then on things began to go downhill. Up until then our relations had been good. Things went from bad to worse and keep getting worse. Time and again he attempted to remove me from the company on the allegation that I was unstable. Whether I am unstable or not, I was able to accomplish the things I did. If this means being unstable, it is up to the doctors to decide. He has been saying for the past two years that I am insane. I believe that my behavior, even in the opinion of the press, has been exemplary from the institutional standpoint. I did not cause any problems, I was not involved in any extortion or theft, and I did not use my influence inappropriately. All this I could have done because I am a brother of the president of the Republic. I have never even suggested the appointment of an office boy.

[Fonseca] But now you are creating problems.

[Pedro Collor] Just now, I told them, "I did not enter in your field; I did not run with you. Nonetheless, you try to pass over us as if you were a tractor. You cannot do that; it is wrong. You promised one thing and now you are doing something else. It was out of duty that I rebelled against that. I did so as a member of a family, a patrimony, and a company, and even more as a Brazilian, as a person with a self-imposed mission with a moral duty. Some politicians recently have gathered to prevent the creation of a CPI [Commission for Congressional Investigation] believing that this may lead to a delicate situation from the institutional point of view. For what reason? Because the former treasurer of the presidential campaign might have committed an A, B, C, or D crime? In his case, he committed crimes from A to Z. Then what was I led to think? That I, as the president's brother, could commit any crime from A to Z in a short period of time, and that if, as the president's brother, I were investigated for alleged illegal activities, it would be much more destabilizing for the institutions, so therefore my crimes would never be investigated. I am led to think that this encourages one to disrespect the law. It seems like a monarchy, where the friends of the king can do

anything, anything is possible for them, while enemies must obey the law. It cannot be like that, otherwise all the institutions would be placed at risk. [no closing quotation mark as published]

[Fonseca] How do you feel after rubbing a wound that size with salt?

[Pedro Collor] I am doing my duty. If that duty causes this or that harm, too bad. It was not my intention. I do not wish evil on anyone. I do not wish evil on Paulo Cesar. I am not moved by a feeling of animosity or hatred. I am moved by a sensation of doing my duty.

[Fonseca] Is there any personal motivation behind your action?

[Pedro Collor] As I said, Fernando tried to destabilize me and estrange me from the companies after my reaction to my mother. In 1987, Tereza and I lived through a marriage crisis. I was abroad and he talked with my wife and, naturally, any woman in those circumstances is very hurt, weak, and he sensed that. As soon as I arrived from abroad she departed for Paris. He called me and he encouraged a divorce, to me and to her. He personally called me to the Palacio dos Martirios [Alagoas Government House], telling me to prepare because she was going to leave me. He told her the same thing. He would call Paris and say: You are right; you must separate. He tried to manipulate things in order to make us separate. By destabilizing me it would have been easier to obtain my mother's agreement to remove me from the companies.

[Fonseca] You must be spending a good deal of your time wondering what would have led your mother to put a son in this position by releasing an official note in those terms?

[Pedro Collor] A lot of pressure from Fernando.

Investigation Begins 1 Jun

PY2905024892 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 28 May 92

[Text] The Commission for Congressional Investigation [CPI] that will investigate businessman Pedro Collor de Mello's charges will begin working on 1 June. The parties have to decide by tomorrow who will head the commission.

By 1200 tomorrow, the parties will have to appoint the 22 members who will comprise the CPI: 11 deputies and 11 senators. To choose the president and the coordinator, however, is a difficult task.

Among the progovernment parties, the favorite candidate is Deputy Benito Gama, whose name now must be confirmed by political coordinator Jorge Bornhausen. Even if the name of the person who will preside over the CPI is not chosen by tomorrow, the CPI will begin the investigation on 1 June. Participation in the CPI will be proportional to the size of each congressional bloc. So far, the number is well balanced: 11 members of the opposition and 11 of the progovernment parties.

The name of the congressman who will preside over the mixed CPI that will investigate businessman Pedro Collor's charges has just been confirmed: He is Deputy Benito Gama of the Bahia State Liberal Front Party.

Commission Accuses Former Minister of Corruption

PY2805183992 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 27 May 92

[Text] The CPI [Congressional Investigating Commission], which is investigating reports of corruption at the Social Welfare Ministry, has requested the indictment of former Minister Antonio Rogerio Magri and 50 other people, including former INSS [National Social Security Institute] Director Volnei Avila, who reported the irregularities in the first place.

The 65-page CPI report summarizes 40 days of investigations into corruption. The CPI names 50 people involved in irregularities, specifically splitting into installments some debts owed to the INSS. The CPI concludes that former Minister Rogerio Magri was involved in the irregular use of money from the Unemployment Compensation Fund in sanitation works in Rio Branco, Acre State.

The report says that Magri received $30,000 in commission and that he tried to bribe former INSS director Volney Avila. If the Attorney General's Office files a suit against the minister on charges of passive and active corruption—crimes defined in the penal code—he could be sentenced to eight years in jail. CPI Spokesman Senator Cid Saboia said:

[Begin Saboia recording] The former minister has confessed to receiving a bribe and indicated that he wrongly used money from the Unemployment Compensation Fund in what became a national scandal. [end recording]

Plebiscite on Government Set for 21 Apr 1993

PY2805173692 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 28 May 92

[Text] The Chamber of Deputies has confirmed the plebiscite on the government system for 21 April 1993. The decision received 334 votes.

An agreement between the main parties prevented the inclusion of a clause called Parliamentary System Now, which would reduce President Collor's term, in the text of the decision. Brazilian Democratic Movement Party leader Genebaldo Correia said the parliamentary system does not have any coupist interest in removing the president.

*** Indicators Reveal Continued Economic Retraction**

92SM0403B Sao Paulo GAZETA MERCANTIL in Portuguese 23 Apr 92 p 3

[Article by Sao Paulo correspondent Luci Moraes]

[Text] A detailed analysis of this year's economic indicators for the different sectors points to a continuation of the present recessionary picture. That is the conclusion reached in the April edition of the indicators published by the Public Sector Economics Institute [IESP].

"There is a certain amount of optimism about the economic recovery, based on February's increase in industrial consumption of electricity, Sao Paulo's higher revenues from the state Merchandise and Services Distribution Tax [ICMS], and the rise in the index of economic activity published by the Sao Paulo State Federation of Industries [FIESP]," one of the bulletin's editors, Fernando Arruda Sampaio, pointed out. He added, however, that these positive figures do not indicate a resumption of growth, but are explained by the fact that the comparison was made with weak months (February and January of 1991) and that this past February had an unusually high number of business days. The growth in ICMS revenues was also influenced by an increase in tax rates and in the real prices of fuels.

In analyzing the IESP publication, we see that the indicators confirm a continued economic retraction. "The high unemployment rate during the first two months of the year means that businessmen have assumed the burden of ordering new layoffs because they do not believe in a recovery and do not plan to start investing again in the near future," Sampaio emphasized.

The various employment indicators show, according to the IESP bulletin, that a record low for the past four years was reached during the first two months of the year. FIESP's employment index, which has been falling since 1989, dropped by 4.5 percent when compared with the same period of 1991. In the month of February, the national unemployment rate was 6.4 percent, very close to the decade's worst average of 7.1 percent that was recorded in 1984.

The increase in unemployment, combined with the loss in wage purchasing power—which fell nationwide in January by 7.5 percent compared with December, and in Sao Paulo's industry by 10.5 percent between February and March (according to the IBGE [Brazilian Institute of Geography and Statistics] and FIESP)—had a direct impact on retail sales. Sao Paulo merchants, for example, find that their sales level has been relatively stable since November, a level 15 percent below that of previous years, according to a study by IESP made on the basis of figures from the Federation of Commerce of the State of Sao Paulo.

The retail sector's weak performance has held down the level of orders from suppliers and is a contributing factor in industry's reluctance to accelerate short-term production. Both sectors are also hamstrung by high interest rates that discourage credit sales and carrying large inventories, Sampaio said.

The high interest rates also jeopardize the government accounts by boosting the financial charges on the public debt. According to IESP estimates, these charges rose to 7 percent of GDP during the first two months of 1992, compared with 1991's annualized rate of 5 percent of GDP. Under the agreement with the IMF, it was stipulated that the total interest burden on the Brazilian debt, including its foreign debt, would be limited to 6 percent of GDP this year.

The increase in the carrying charges on the internal debt are occurring at a time when federal tax collections have fallen 18.5 percent during the first two months of the year in relation to 1991. This decline, according to the indicators, is a consequence not only of the recession but of the effects of the transition to new tax rules, such as the lengthening of the deadlines for payment, and the deindexed due dates of the taxes.

Nationwide, ICMS collections declined during the first two months of the year by 4.7 percent compared with the same period last year. The biggest reductions occurred in the West Central (down 8.5 percent) and Northern (down 8.2 percent) regions. In Sao Paulo, the decline in the ICMS was 6.6 percent.

*** Impact of Tariff Reduction Policy Discussed**

92SM0403C Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Apr 92 p 2-9

[Article by Magda David Hercheui]

[Text] The effects of government's policy of cutting import tariffs and lowering nontariff barriers are beginning to show. There are very few changes as yet, however, mainly because of the severe recession this country is experiencing.

The 14.8 percent growth in total volume of imports between 1989 and 1991 (see table) confirms that the change in tariff policy has had an effect, emphasized economist Paulo Nogueira Batista, Jr., a professor at the Getulio Vargas Foundation [FGV].

Brazilian Imports Growing

Figures in thousands of dollars; changes in percent*

Products	In 1989	In 1991**	Percentage Increase 1989-91
Raw materials and intermediate products			
-for industry	7,271,733	7,942,746	9.23
-for agriculture	377,339	561,497	48.81

Capital goods			
-for industry	2,956,499	3,842,479	29.97
-for agriculture	35,270	45,150	28.01
Consumer goods			
-durables	566,160	818,810	44.63
-nondurables	1,487,633	1,492,156	0.30
Transportation equipment	1,097,974	1,319,434	20.17
Fuels	4,385,054	4,875,146	11.18
Construction materials	118,257	106,579	-9.88
Total	18,295,919	21,003,997	14.80

*Prices of goods, not including additional expenses such as shipping and insurance. **Preliminary figures. Source: Federal Revenue Service

Comparing the categories of 1989 imports—before the Collor administration's implementation of the Tariff Reduction Program—with their 1991 levels, we see strong growth (29.97 percent) in imports of capital goods (machinery and equipment) for industry.

This figure assumes even greater significance when we remember that we are looking at a period of recession, which naturally discourages investments, observed economist Gesner Oliveira, also a professor at FGV and a contributor to FOLHA DE SAO PAULO.

Other segments of the import trade also recorded substantial percentage increases, but they are less important because they weigh much less in the total import picture. This is the case with raw materials and intermediate products and capital goods for agriculture, imports of which grew by 49 percent and 28 percent respectively.

According to Honorio Kume, technical coordinator of tariffs for Decex [Foreign Trade Department], imports for the agricultural sector benefited by a more rapid reduction in their tariffs compared with those on industrial goods.

Many items, such as agricultural inputs and pesticides, could not even be imported in 1989. That explains the significant percentage rise in imports for those sectors.

The tariff reductions have not provoked a significant change in the import mix, however. Each sector's weight in total imports has remained rather stable, and this was true even of consumer goods.

A study made by CEBRAP [Brazilian Analysis and Planning Center] for IPEA [Applied Economic-Social Research Institute] shows that many firms are reluctant to change suppliers. This could explain why the profile of their purchases on the international market has stayed about the same.

Most of the 113 companies surveyed (72 percent) believe that trade "openness" encourages investment. Companies plan to import more, the poll shows, but cautiously and gradually.

"There is a natural resistance to making a radical change in suppliers. Companies are afraid the government may retreat on the subject of freer trade and impose new restrictions on imports," Oliveira explained. [Box p 2-9]

Purchasing Profile Unchanged

Easing the conditions for importing has not caused a substantial change in purchases of consumer goods. They represented 11 percent of total imports in both 1989 and 1991, even though they increased from $2.053 billion to $2.310 billion.

In the opinion of Honorio Kume, coordinator of tariffs for Decex, one would naturally have expected that opening up the market would expand the participation of those goods in relation to the others, but this did not happen. Only the dollar volume of purchases increased.

Imports of durable consumer goods rose by 44.63 percent between 1989 and 1991, but this was offset by near stability in purchases of nondurable consumer goods.

Kume feels that the recession explains this behavior by the consumer, who has lost purchasing power. "It is natural that consumer goods imports would rise during the first years of openness. Because this did not happen in Brazil, on account of the recession, we will wait for movement in the future."

Purchases of durable goods increased because most of those products are being bought by people with higher purchasing power, said Michel Alaby, a specialist in foreign trade. "In 1991 we saw an increase in imports of electronics, home appliances, and automobiles."

However, imports of nondurable goods depend more on the purchasing power of the wage earner, which has fallen because of the recession. The rise in the value of the dollar against the cruzeiro has served as a barrier to higher imports, Alaby noted. "Those who would import nondurable consumer goods are afraid they will not be able to pass the costs on to the end user."

Chile

President Aylwin's State of Nation Address

PY2305214892 Santiago Radio Cooperativa Network in Spanish 2005 GMT 21 May 92

[State of the nation address to Congress by President Patricio Aylwin at the Plenary Hall of the Congress building in Valparaiso—live]

[Excerpts] Fellow citizens of the Senate and the Chamber of Deputies: In keeping with the provisions of the

national Constitution, I will now report to the nation, through this Congress, on the political and administrative status of the nation.

Halfway through my term of office I am sure that my fellow countrymen will share my satisfaction over the fact that the objectives we set for ourselves at the very beginning of my administration as our top priorities—namely, national reconciliation, strengthening of democracy, economic development, social justice, and the country's reinstatement as a member of the international community—either already have been attained or are in the process of being attained.

Today, Chile is a reconciled nation where a long-standing division of people into friends and enemies has given way to coexistence among fellow countrymen who are now able to respect each other despite our natural differences, to reach agreements, and to join efforts in the quest for the common good.

This is a peaceful coexistence that follows the path of democracy. The state branches and other government agencies fulfill their roles in keeping with the prevailing laws, which we are working hard to improve in order to make them more democratic and effective.

The country is developing within the framework of a free and competitive economy that follows clear-cut, stable rules. The gross domestic product is growing, inflation is falling, and exports, savings, and investments are on the rise.

In the social area, unemployment is losing ground and worker's incomes, especially minimum wages and pensions, are growing. Labor unions and other social organizations are gaining strength and increasing their bargaining power. Meanwhile, the state is giving preferential attention to the basic needs of the poorest strata, especially as far as health, education, and housing is concerned.

This process, which is aimed at fulfilling the country's basic needs and is guided by the ethical standards we uphold, is part of the huge historic task of building a better, more prosperous nation where freedom, justice, solidarity, and the joy of living is shared by all.

This is, of course, a gradual process that requires time. It goes beyond my administration. It should be plotted into the future, and it requires everyone's assistance. In trying to carry out this task our main concern is the interests of the nation, which implies striking a balance between continuity and change.

We have not totally disregarded the past, nor have we promoted ideological experiments. We are, on the contrary, trying to blend the best of every stage through which our fatherland has gone, in order to combine the main trends of our times and to be able to firmly and effectively tackle future challenges.

We are making this effort amid an international scenario marked by amazing changes, a scenario to which Chile has returned as a full member to prudently, honorably, and discreetly play its role in keeping with its convictions in favor of peace, national interests, the rule of law, and the strengthening of friendship and cooperation among the peoples.

Chile and the World

It would seem that two main trends are shaping the current international status quo. On one hand, we have the strong manifestation of humanity's desire for freedom, and the other hand, we have the growing interdependence among nations.

The political expression of the people's will for freedom is demonstrated by their choice of democracy as an institutional model and as a way of collective coexistence, as well as by the boom of market economies and the lessening of the government's role in this field. Another signal of freedom is the revival of regionalism and the desire for autonomy that are proliferating in several regions of the world.

The interdependence among nations can be observed in the vigorous integration processes and cooperation formulas created in several continents and in our growing awareness of the fact that peoples and individuals share a common interest since we are inhabitants of the same planet whose ecological problem of environmental deterioration threatens the life of humanity and requires that we dutifully look after its future.

Within this framework, Chilean international policy, which my government understands is a state policy inspired by national criteria beyond party interests, pursues as an essential objective cooperation with the cause of peace in the world based on the principles of international law and the strengthening of friendship and cooperation among countries. We think that the commitment to peace is also a commitment to the values of democracy and to the defense of human rights. History has shown us that the worst enemies of peace are dictatorships and totalitarianism. Given this fact, we cannot remain indifferent to the fate of democracy outside our borders. We cannot but evaluate as negative any rupture or violation of a democratic system, notwithstanding the circumstances in which it happens.

In keeping with this criteria, at the last OAS General Assembly held in Santiago, Chile actively promoted the Santiago commitment to democracy and renewing the OAS. The principles established there were decisive in OAS efforts to reestablish democracy in Haiti and in the OAS resolution issued as a result of the events that took place in the sister country of Peru. We believe that the defense of human rights is an unavoidable duty of any government committed to peace, in light of which the principle of nonintervention is not applicable. Chile, which was appointed as a member of the UN Human Rights Committee, acts on the basis of this principle.

In this new stage of international order, in which termination of the cold war has put an end to a period marked

by bipolarity, our commitment to peace has led us to give great importance to multilateral action, especially to the United Nations as an organization that must play a renewed role in the maintenance of international peace and security. This is why we have assumed a more active role in UN peacekeeping operations. We are currently participating with a Chilean Air Force helicopter unit at the border between Kuwait and Iraq, military observers at the border between India and Pakistan, observers in Lebanon, a Chilean Navy contingent in Kampuchea, and a Chilean Carabineros contingent in El Salvador.

Within the framework of continental safety, my government gives high priority to commitments against nuclear proliferation and for nuclear disarmament. As a result, we have promoted actions with Argentina and Brazil aimed at attaining full validity for the Tlatelolco Treaty, and we signed with these two countries the Mendoza agreement on the total prohibition of chemical and biological weapons, an agreement that was later signed with other Latin America countries. Thus, we decidedly support the negotiations on the total prohibition of chemical weapons in the Geneva disarmament conference.

In the area of bilateral relations, I attach the highest significance to the border agreements we signed with Argentina. Through these agreements we were able to solve 23 border demarcation disputes, some of which dated back to the early part of this century. We also signed an agreement to demarcate our borders in the [words indistinct], which still needs to be ratified by the two Congresses, and gave our commitment to submit our border in the Laguna del Desierto area to arbitration, which is now being implemented.

Our direct, modern approach to these problems reflects our decision to promote a new stage of cooperation, integration, and understanding with that neighboring country. In this regard, we also should mention the agreement on economic cooperation, which is highly significant for the future of our two nations.

Last March we resumed negotiations with Peru to implement some of the clauses of the 1929 treaty. We hope to be able to continue with these negotiations as soon as circumstances permit. We also reached an agreement with Peru to mutually waive visa requirements for tourists.

Regarding Bolivia, we have adopted unilateral measures aimed at gradually promoting integration between us, such as waiving visa requirements for Bolivian citizens. We would like to make progress toward signing an economic cooperation agreement with that sister country. [passage omitted]

My recent visit to the United States is consistent with the special significance we attach to our relations with the United States. This was the first visit to the United States by a Chilean president since President Jorge Alessandri's visit in 1962. During this visit we had the opportunity to strengthen our political and economic ties and to emphasize our firm democratic beliefs and our decision to promote bilateral trade and U.S. investments in Chile.

The friendly treatment accorded to us by congressmen, universities, business organizations, and other major U.S. sectors made us feel legitimately proud because they all lauded our democratic political process, our atmosphere of peaceful coexistence, our economic stability and dynamism, and our social gains. These laudatory comments testify to the excellent status of our relations with that great nation and are indicative of the promising prospects ahead of us if we are able to adequately promote them.

At the end of our talks, President Bush announced his decision that the United States will begin negotiations for a free trade treaty with Chile immediately after those being negotiated with Canada and Mexico are completed. We regard President Bush's decision as a step forward in this direction.

With the EEC, our main trade partner, we have concentrated our efforts on strengthening our political and cultural ties, securing new markets for our products, promoting European investment in our country, securing cooperation programs in various fields, and eliminating protectionist barriers. The first Chilean-EEC joint commission meeting was held in December 1991.

Next week, Santiago will host a meeting of foreign ministers from the Rio Group and the EEC, a mechanism that has established a relationship between our region and the EEC, a relationship that we hope will gradually become more fruitful.

In the rest of Europe, especially with the Nordic nations, with which we are linked by so many ties of appreciation and recognition, we also have tried to reach agreement on new forms of exchange, understanding, and cooperation.

Concerning national policy toward the Pacific Basin, Chile managed to become a full-fledged member of the Pacific Economic Cooperation Council, one of the most important economic cooperation organizations of that area. We will continue to enhance our ties with this region, which is gradually becoming more important for our foreign trade as reflected by the fact that last year our global exports were bound primarily for Japan.

As will become clear from my explanation, without neglecting the possibility of enhancing our political ties with all nations of the world, we have attached special importance to our economic policies with the idea of supporting and complementing our growth strategy, advancing toward a new phase of export development through diversification and the enhancement of our integration into the international economy.

Therefore, we attach great importance to the success of the Uruguay round of GATT talks, negotiations in which

we were actively engaged. The Uruguay round of GATT talks must guarantee rules that will enhance trade deregulation.

We continue to pursue bilateral economic agreements with the belief that these agreements will finally represent a basis for devising far-reaching multilateral agreements in the future.

We are opposed to the formation of large, closed commercial blocs. Conversely, we are interested in gradually entering a relationship with dynamic growth and technological innovation centers, maintaining an important foreign investment flow, and, in turn, encouraging our foreign investment.

In keeping with our belief that the greatest challenge for the world's nations is to defeat poverty—a challenge that requires a serious international effort involving solidarity and social justice—Chile has raised the idea at the UN Economic and Social Council of calling a world summit to discuss social development, an initiative that is being favorably received by the international community.

To successfully achieve all these efforts requires not only zealous efforts by diplomatic and commercial agents, ministers, and government officials, but personal contacts—not merely protocol contacts, as some people say—between heads of state, contacts that create ties of recognition and confidence, facilitate agreements, and invigorate friendship among nations. [passage omitted]

Consolidation and Improvement of Our Democratic Coexistence

Our efforts toward national reconciliation, society's democratization, and the streamlining of our democratic institutions—goals that we set for ourselves at the beginning of this administration—were goals that answered deep aspirations: To reach a free and humane national coexistence in Chile that, overcoming past deep wounds and divisions, could be built on respect for truth and individuals, human rights, and the equal participation of all Chileans in the decision-making process and the burdens and benefits of social life.

How far have we traveled toward accomplishing this aspiration? What do we still need to do? The answer to these concerns is what I will analyze below, briefly summarizing what we have done and accomplished to consolidate our democratic coexistence and what we still intend to do to improve on it.

Consolidation of Our Democratic Coexistence

No one objectively observing the march of our collective existence, the way state organizations function, how human rights are respected, and how different opinions are freely expressed can avoid recognizing that our national coexistence operates according to essential democratic values and conditions.

In Chile the political system works in accordance with constitutional and legal regulations, and, no matter what the differences of opinion, no one thinks of violating them. A state of law prevails in the country. Civilian and political freedoms are fully in effect. There are discussions—sometimes heated—between the government and the opposition, but we have always shown—except for reproachable exceptions—respect for the opinions of others and a willingness to negotiate and search for agreements.

In the last two years we have reached a level of civilized coexistence exemplary for its climate of civic peace, respect for individual rights, the exercise of our rights and freedoms, tolerance, respect for the laws, and a willingness to negotiate and reach a consensus. We should all be proud of this reality, which is admired by international observers.

This is what prompted me to say some time ago that I considered the stage of transition to democracy concluded. The statement was criticized with particular eagerness by some of my own followers and was argued in intellectual discussions. I do not regret making that statement because it is what I believe. It is not that I believe our democracy is perfect or that I forgot the reforms we promised to pursue in order to improve on it. We never said all our government programs were part of a transition period.

The transition period was characterized by the change from an authoritarian government to a democratic regime, from a police state to a state of law, from an abuse of power to respect for everyone's rights, from insults and the persecution of dissidents to respect for adversaries and their right to oppose the government, from use of the media for official propaganda to freedom of expression and opinion, from coexistence based on force and fear to peaceful coexistence. [applause]

All this was accomplished; it is necessary and good to recognize and value this. Peoples and individuals must appreciate what we have; they must not sit back and relax or give up their higher aspirations, but live realistically, not depending on mere dreams or fancy. We should do this in order to preserve what is good and not risk losing it while pursuing higher aspirations. We have to do this in order to advance to the ideals we dream of—with our feet in reality—in order to correct and improve on them.

I do not say that the consolidation of our democratic coexistence is an exclusive accomplishment of the government. Without a doubt, we have all contributed—the executive and legislative branches, government supporters and the opposition, workers and entrepreneurs, and civilian and armed institutions. I want to expressly recognize Congress' disposition to seek—together with government and community representatives—reasonable agreements that have prevailed over disputes

and occasionally sensationalist discussions, that have allowed us to advance in approving laws that benefit everyone.

No one can fail to admit, however, that this atmosphere would not have been possible if the administration I have the honor to preside over, and the parties of the coalition for democracy that support it, had not governed with the responsibility, equanimity, and generosity that have been its characteristic.

We could have adopted the attitude of winners. We could have chosen to avenge offenses, to denounce abuses and privileges, to carefully scrutinize suspicious situations, to return offenses, and to treat those who occupied positions of power in the past, or participated in or benefited from power, the same way they treated us at the time.

We chose, however, to tread the path of understanding and reconciliation. For moral reasons, we sought to clarify—and succeeded in doing so—the truth about the most serious violations of human rights, and tried, whenever possible, to support justice. In the face of clearly irregular actions, we limited ourselves to complying with the rulings of the courts or other public judicial organizations. We left all the rest to be judged by history.

There are people, many of whom have just cause for grievance, who do not understand us and, moreover, who criticize us. I understand them, but I believe, in my own conscience, that we have done what was necessary to achieve peace among Chileans. It is good that the country learn these facts and value them. It is also good and necessary that the country remember some of the things that have been done during this administration in an effort to help achieve the peaceful atmosphere that now permeates our national coexistence. [passage omitted]

All that has been important in creating an atmosphere of democratic coexistence that now reigns in the country. It is the duty of everyone to preserve this atmosphere, which is so necessary for social peace and national development. We must all be aware of our civic duties, love the truth, respect others, and act responsibly. This is the duty of all and, particularly, the duty of public employees. It is the special duty of those of us who have been entrusted by our fellow countrymen with the obligation of governing the country from the presidency and from Congress. Our fellow countrymen urge us not only to fulfill our duties with loyalty, honesty, and austerity, but also to set an example of righteousness.

Those who irresponsibly exaggerate the scope of reproachable deeds and try to create images of an allegedly generalized corruption, which does not exist, do not help in the task of creating and preserving an atmosphere of democratic coexistence. History teaches us that to achieve a stable and successful democracy, we must preserve the prestige of the institutions. Their prestige can be better protected if each one of us is zealous in our obligations and demand the utmost from ourselves, instead of seeking to find wrong in others or trying to make their mistakes seem bigger. [applause]

As for me and my administration, the country can be sure that we are—and will continue to be—the first ones to demand the most of ourselves and our subordinates. We will continue to meet the requirements of honesty and total devotion to our duties, which the fatherland has the right to demand from us.

The topics connected to civic-military relations, public security, and the reform of the municipal and regional administrations deserve a separate chapter due to their particularities. They are factors that have been present in our national life throughout my term in office and, in view of the way the government has treated them, they also have contributed to strengthen our democratic coexistance. I now will discuss each one of these topics.

Democratic Coexistence and Civilivan-Military Relations

At the beginning of our administration—which followed a prolonged military regime—the handling of civlian-military relations raised questions and was the cause of justified concern.

The policy that my administration has followed in this regard is in strict compliance with the Constitution and national laws. It also upholds the professional, hierarchical, disciplinary, essentially obedient, and nondeliberative nature designated for the Armed Forces and Carabineros in the Constitution.

As I said last year on this same occasion, this administration has tried to overcome the mistaken and harmful intention of some sectors to identify armed institutions with the past regime and with its supporters. This administration has tried to promote a relationship between civilians and the military. It has requested the participation of the military in those issues of national interest that are inherent to their activities, and it has stressed the importance of great national values as the basis of society as a whole, and of national unity.

Through this policy, we have been able to gradually overcome all possible causes of suspicion and mistrust that, unfortunately and every so often, some still are trying to promote.

During this last year, the Chilean Armed Forces have continued to develop their professional training and their defensive and offensive capacity, which are vital to our security. In addition they have fulfilled their role in times of peace.

The main objective of our military policy is to have our Armed Forces well-prepared, well-trained, and highly, professionally motivated. In addition—and as we have been doing—we must maintain the efficient operational level of our current conventional forces and the renewal of units, materiel, and equipment.

My administration has supported the institutional development plans of the Armed Forces by granting new opportunities to their members through increasing international cooperation, increasing participation in peacekeeping missions, and increasing the number of annual joint military exercises between our Armed Forces and armed contingents of friendly countries.

I am very pleased to state that today Chilean military institutions maintain military cooperation ties with all military powers throughout the world. The number of Chilean Armed Forces' members who are attending advanced training missions and specialized courses abroad is increasing daily. In addition, defense ministers and distinguished military chiefs from friendly countries are visiting Chile in growing numbers.

Within our country's economic limitations and by constantly making an effort to optimize our country's resources, our Armed Forces can and must remain nationally and internationally respected institutions, recognized for their lofty spirit, exemplary discipline, efficient organization, appropriate equipment and undisputed professional ability and efficiency.

Democratic Coexistence and Citizens' Safety

Fully aware of the seriousness that terrorism and delinquency entail for the people and for the normal development of national activities—a problem that my administration has recognized since the very day it assumed power and that I specifically addressed in my first message to this Congress—it has been this administration's main concern to face these scourges with a maximum of effectiveness and to grant the state the proper tools to achieve this goal.

As everyone is well aware, Carabineros and the Investigative Police, which in compliance with the Constitution are the organizatons in charge of security and domestic order, lacked the indispensable means to effectively fulfill this task. [passage omitted]

I am certain that the measures we have implemented have been effective and that the Carabineros, as well as the Investigative Police, have greatly improved their struggle against terrorism and delinquency. Every day crimes are clarified and their perpetrators brought before the courts. The country is aware of the public order and security forces' success in clarifying the most serious terrorist attacks, whose authors have been placed at the court's disposal.

Regarding the episodes that have prompted an investigation being conducted by a special commission of the honorable Chamber of Deputies, I want to point out that I do not wish to interfere with its work, which, I hope, will establish the truth, identify the perpetrators, and come up with the corresponding conclusions. I deem it my duty, however, to reiterate that:

1. The government categorically rejects any police procedure incompatible with democratic principles, characteristic of authoritarian regimes, that seeks generalized control of society, and implies following people and intruding in their private lives. [applause] This is why the government has unauthorized and ordered the discontinuation of investigations that are not in keeping with these principles, and immediately accepted the resignation of this institution's director, although it recognizes his honorable, unselfish, brave, and efficient efforts to improve the Investigative Police. [applause]

2. The government categorically maintains that the Carabineros and the Investigative Police, in their capacity as institutions constitutionally in charge of safeguarding public order and interior public safety, not only have the authority but also the duty to gather and process the necessary information to prevent any event that may harm those principles or place the stability of the Republic's constitutional order at stake, wherever it may come from. [applause]

Taking into account that the trafficking of drugs and narcotics is one of the most determining and permissive elements of current criminality, with a potentially dramatic impact on our youths, we have submitted to the honorable Chamber of Deputies a draft bill on this issue that was drafted by the National Council for the Control of Narcotics.

This bill includes a definition of the crime of money laundering, it punishes the illegal handling of chemical precursors when used for the production of drugs and narcotics, and it permits the use of new police investigation methods such as the controlled delivery of drugs and the use of undercover agents. This legal instrument is essential for a modern and efficient fight against drug trafficking. Because of the importance of the issue I have no doubt that both houses of Congress will discuss it from the perspective of a state issue and will try to approve it as quickly as possible.

Here we have to stress that the National Council for Narcotics Control—through a work group that meets regularly—is coordinating the work of different state organizations responsible for controlling the illegal trade, and its work has permitted good progress in that area.

Democratic Coexistence and Municipal and Regional Administration

It is fair to point out the deep significance that the constitutional reform promulgated in November 1991 on municipal and regional systems has for our democratic coexistence. This reform is an answer to an old aspiration of the people. The essence of democracy is people's participation in public affairs, at least by electing officials to represent them. To deny the people this right at the municipal level, which handles issues that directly concern them, is a denial of democracy. That is why in the 1989 elections all candidates and all parties proposed democratic elections at the municipal

level. It is a paradox that we required almost two years to materialize this national proposal.

In accordance with the new municipal law, next July, for the first time in 20 years, Chileans will go to the ballot boxes to democratically elect municipal authorities. This will be the first election under this administration. The country can rest assured that the election will be held in absolute freedom and openness. The government has adopted all necessary measures to guarantee the openness of the electoral process and the timely release of results. This significant democratic progress will be complemented by the law on regional government and administration, which is presently before Congress. This law will mean that for the first time in our history Chile will be authentically decentralized.

The institution proposed by the bill is a concrete and responsible answer to the legitimate demands of regional communities that want to assume growing responsibility for solving regional problems. When the bill is approved and implemented, Chilean regions will be able to look at the future with trust. This effective decentralization will be one of our country's greatest challenges at the beginning of the 21st century. And I say challenge because the democratization of regional and municipal governments not only opens participation opportunities unheard of in Chile but also because it proposes obligations that will require maximum responsibility to successfully fulfill at the government level, as well as the lower levels of local administrations that will be installed next October. It must be clear to all that the regionalization process cannot affect the unitarian nature of the Chilean state and that it must develop according to a necessary hierarchy of powers.

Whoever enters the new regional and district governments should be capable of coordinating the implementation of democracy at a community level with their duty to search for the maximum technical efficiency and the best use of available resources in searching for a successful administration.

To contribute to the fulfillment of these objectives, the Interior Ministry's Regional Development Under Secretariat has started a course to train regional governments' personnel, which is complementary to the courses offered last year as a result of an agreement with (?Cepal) and (?Inpe). In keeping with this same spirit, a significant effort has been made to strengthen the financing mechanisms that are subject to the very regions. In 1991 the Regional Development Fund used more than 97 percent of the allocated funds, which is more than was used during the past six years. This allowed the financing of 2,037 projects that especially favored needy fellow countrymen, in a manner that preferentially favored the most needy, most rural, and isolated regions thanks to a method based on regional and sectorial indicators.

This year the regions' budgets will be more than 23 percent higher than those in real terms last year. The Regional Development National Fund will increase by more than 16 percent in real terms, and its total amount significantly surpasses the amount mentioned in the political agreement regarding municipal and regional issues in which it is established that this fund should increase by more than 25 percent of the national public investment. In truth, it will increase by more than 100 percent. Moreover, this year the decentralized social programs have, as a whole, a budget that is some 23 percent higher than the 1991 budget. This budget, in addition to the resources earmarked for the aforementioned fund, entails those resources earmarked for the urban paving programs of the [word indistinct] Housing Ministry and the secondary highway maintenance program of the Public Works Ministry. In these last two cases, as of this year and according to the political agreement on regional and municipal reform, the programs will fall under the new method for a decentralized allocation of funds called sectorial investment of regional allocations.

As for municipal funds, the collection of the common municipal fund, which represents a redistribution tool to support the poorest districts, surpassed the initial estimate for 1991 by more than 20 billion pesos. This is a very important fact, taking into account that this fund is the greatest source of income for most districts. It also should be pointed out that the Production Development Corporation [CORFO] last year actively participated in development programs in various regions. This year CORFO will double its efforts to achieve a true decentralization of its activities by involving its branches, services, and organizations subject to it in determined projects adjusted to the needs of the regional communities.

The achievements, initiative, and innovations I have just mentioned clearly express my government's commitment to decentralization and our clear determination to move toward an increasingly modern democracy. All this depends on the responsibility with which all sectors assume these new tasks for this process to represent a great step forward to improve the living standards of the inhabitants of the country's various regions.

Democratic Improvement—Pending Reforms

Although we may be satisfied with the progress made by our democratic coexistence, we are also aware of the limitations, shortcomings, and defects that call for reform. The government has been analyzing them. In an effort to ensure that they become part of the adequate agreements and thus ensure their approval, the government has been requesting opinions and discussing its basic ideas not only with the coalition parties, but also with members of other sectors. Convinced that such reforms are indispensable for the country's well-being and to make our institutional system more democratic and effective, the government already has submitted some of them to the Congress and, in the next few days, will do the same with others.

I believe it is necessary to briefly discuss now the most important of these reforms:

Judicial System Reform

In April 1991, I submitted to the Chamber of Deputies a bill on constitutional reform and several other bills, proposing substantial modifications to our judicial system. To satisfy the need to modernize, strengthen, and make our judicial system more dynamic—needs that society's various interests have almost unanimously acknowledged—we decided to modify the way of appointing officials to this system; to reform its administration; to improve judge's training and specialization, thus ensuring their expertise; and to simplify the system's procedures. We believe this reform is indispensable, not only to make the administration of justice more adequate to the requirements of a world that has been changing fast, but also to ensure the effective autonomy of the judicial branch.

Some groups, in which some members of the Supreme Court itself are regrettably included, believe these reforms threaten the judicial branch's independence and are an attempt to politicize it. Nothing can be more counter to the government's plans.

I have been connected to the courts all my life—first, because of my father; second, because I am a lawyer by vocation and profession. As a president, one of my main yearnings has been to make a significant improvement to our judicial system, the image of which has become so deteriorated in the eyes of the people.

The appropriate Chamber of Deputies committee has been studying these bills for more than one year. This committee has listened not only to the opinion of the political groups and judges, but also to that of academic organizations, their members, and professionals linked to the judicial branch. Although in the first instance the Chamber approved only part of the constitutional reform text proposed by the committee, I am sure that the Senate and the Chamber of Deputies will reach a minimum consensus and make this initiative a reality. I believe that this reform is indispensable to make the access and right to justice in Chile become a reality, and to make the judicial system faster and more effective.

Some believe the system can be improved simply by increasing the number of courts, supplying more modern means to them, and increasing the salary of judicial branch members. My administration also realizes that these things are necessary. As a result, it is planning to double judicial branch funds by increasing its budget by a real 20 percent per year. To this extent, I will ask Congress to approve this proposal and thus give continuity to this effort.

I am convinced, however, that the system's poverty—a traditional shortcoming of the Chilean judicial system—is not the only problem. It is also, and fundamentally, a matter of having the spirit, the organizational capacity, and using the correct procedures to make the system become more respected, more independent, and more effective.

Reforms To Make the Legislative System More Dynamic

These two years in office have shown that, despite the good will of the executive and legislative branches, it takes too long for Congress to approve a bill, particularly, when it is proposed or drafted by Congress itself. The work of Congress thus often becomes clogged.

In order to overcome these problems and face the reservations expressed during discussions on the budget and constitutional reform bills, we soon will present a proposal on constitutional reforms eliminating the difference between ordinary and special sessions of Congress.

In the case of decree laws that do not require a special quorum for approval, the proposal will authorize the appropriate committee to discuss and vote on specific points that resulted from disagreements between both chambers of Congress. The signatures of a certain number of legislators will be enough to bring the bill back to the floor. The bill also will authorize joint congressional committees to analyze all kinds of decree laws, including the budget and constitutional reform.

Reforms are planned to restore presidential authority in decisions affecting officers' retirement from the Armed Forces and security forces, and changing the fact that commanders in chief cannot be removed. According to the Constitution, the president of the Republic is the head of state. According to Article 24, his authority extends over all areas of internal order and the external security of the Republic in accordance with the Constitution and the laws. According to Article 32, items 18, 19, and 20, among other special responsibilities, the president has the authority to designate and remove top commanders of the Armed Forces and security forces; order designations, promotions, and the retirement of those officers according to the laws; decide on the use of the air, sea, and ground forces; organize and distribute them according to national security needs; and assume—in case of war—supreme command of the Armed Forces.

These responsibilities, which the head of state had from the times of the Republic's founding, currently are restricted in two important aspects: First, Article 93 of the Constitution says that the commanders in chief of the Armed Forces and security forces cannot be removed, except with the agreement of the National Security Council, which has all commanders in chiefs as members; and second, because the Constitutional Armed Forces and Carabineros organic laws require that the respective commander in chief make the removal proposal—something clearly unconstitutional. These requirements dictated at the end of the previous regime were included in the Constitution as conditions to allow the president of the Republic to exercise his prerogative to retire officers from those institutions.

In order to correct this anomaly, I have presented a bill to the Chamber of Deputies eliminating the restriction on the president's rightful prerogatives, restrictions that in fact subject him to the decision of his subordinates. In that it is not appropriate to repeat here the solid reasons supporting this bill, which are laid out in the chapter on reasons for the bill. I only want to add that I consider it to be an offense to the head of state's dignity to argue—as was very lightly done by some individuals—that the reform would politicize the armed and security institutions, or will behead them.

No president has never done that in more than 150 years of the country's history because such an act would disqualify him before the national conscience and history. [applause]

The government is willing to study alternative formulas compatible with presidential prerogatives to guard the country from this alleged danger.

As for the system by which Armed Forces' commanders cannot be removed, which does not exist in any democratic country in the world, it restricts the chief of state's authority by means of a de facto situation that, under certain circumstances, may allow force to prevail over law. Therefore, in the near future I will submit to the honorable Congress a draft bill to eliminate the clause by which the commanders cannot be removed from their posts. In order to avoid any misinterpretation that may distort the meaning of this reform, which is inspired by principles and not by mere circumstances, the draft bill will state that it will not apply to the current commanders, who will continue in their posts for the time established in the Constitution currently in force.

National Security Council Constituency

So that the Chamber of Deputies and Senate may be equally represented in the National Security Council, we will submit to Congress a draft bill proposing that, in addition to its current members, the council also include the Chamber of Deputies president.

Suppression of Institutional Senators

The government believes that in a democratic bicameral system, in which the two houses complement each other in exercising their legislative and political duties, they should be elected by the people. Only in this way will they really represent national sovereignty, which is essentially exercised by the people. [applause]

In the system currently in force, the existence of senators who were not elected by the citizenry, but rather appointed by other bodies or authorities, may distort this principle and seriously affect the Senate's representativity and, consequently, the people's will in Congress. Moreover, it allows government authorities, at the time of making appointments, to exercise their power and become a majority in the Senate—a fact that does not reflect the election results. Therefore, in the near future we will submit to Congress a draft bill establishing that the Senate only comprises members elected by the people.

Since this proposal is not directed against anyone in particular nor inspired by circumstantial reasons, we also will propose that it go into effect only after the current Senate members are renewed so that its current members, in compliance with Clauses B, C, D, E, and F of Article 45 of the Constitution, may continue to hold their chairs until the end of the term for which they were elected.

Electoral System Reform

The system currently used to elect the members of Congress seriously affects the representativity of the national Congress and may lead to a serious governing crisis. This system seems to have been established with the purpose of forcing the country to implement a two-party system, which is completely contradictory to the real situation and Chile's pluralistic tradition.

As a result of the system currently in force, within this pluralistic national tradition, congressional representation is monopolized by the political parties that can obtain the two largest majorities, thus not giving the remaining parties any chances unless they gather under two single coalitions. Within each of these two coalitions the weaker parties will be subject to the stronger ones. Supposing that these two coalitions are formed, as the system establishes, the largest group needs to be more than double the size of the other in order to obtain a majority in each region or district. If one obtains 76 percent of the votes and the other 34 percent, they will have the same representation, with one representative each, which is unfair and seriously distorts representativity.

If a majority coalition that is more than double the size of the other coalition is established, the minority will be excluded from participating in the democratic system. This situation may compel the minority to seek pernicious paths outside Congress.

If this theory does not come about, we will tend to have a stalemate, which during periods of confrontations or disagreements will seriously undermine the governing of the country.

All these reasons have led the government and CPPD [Coalition of Parties for Democracy] parties—which back the government—to propose the reestablishment of a proportional electoral system, one that corresponds to Chilean reality and traditions, and that will include the necessary amendments to avoid the proliferation of parties and safeguard the efficient functioning of Chilean democracy.

To this end, we will be submitting the proper constitutional and legal reform bills within the next couple of

weeks. In this regard and in keeping with the expeditiousness and patriotism that the situation demands, I expect the different legislative sectors to achieve the largest consensus possible.

I personally believe that because of the important effect that the electoral system has on the stability and efficiency of a democracy, its fundamental principles must be included in the Constitution itself—and depending on each situation—in the pertinent organic laws. This seeks to safeguard the electoral law, which is so important to legitimize and guarantee the normal development of the democratic process, from occasional majorities or opportunistic considerations.

Reforms to the Constitutional Court

The current laws regulating the establishment of the Constitutional Court and its jurisdiction are not in compliance with the principles that guide a constitutional justice system in a democratic order.

In the first place and because of their nature, Constitutional Court members should be appointed by the different government branches and not by the National Security Council, which is an organization that has no relevance to the Constitutional Court's juridical-political duties.

In the second place, the Constitutional Court's jurisdiction must respect the inherent jurisdictions of the executive and legislative branches because otherwise we will run the risk of the Constitutional Court taking over the specific functions of these government branches.

The current enforced laws in this regard do not respect these limits. Moreover, they promote the irresponsibility of Constitutional Court members. CCPD parties and those that today are opposition members had achieved an agreement in this regard in 1989.

In order to amend these irregularities, we will submit a constitutional amendment bill that will essentially encompass three subjects:

First, the Constitutional Court will be made up of seven members. Three of them will be elected by the Supreme Court from among its own members in a single voting session; two members will be lawyers elected by a congressional plenary meeting in a single voting session; and two members will be designated by the president of the Republic.

Second, the responsibilities of the Constitutional Court members, like the responsibilities of higher court judges, will be set forth by the Constitution.

Third, the power established by the 12th paragraph of Article 82, concerning the supreme decrees issued by the president of the Republic, will be eliminated because this opposes the jurisdiction the comptroller general has on the subject.

Other Reforms of the Constitution and the Law

The National Electoral Court will be modified with a view toward improving and expediting the process of the designation of its members. The three-year period as president of one of the chambers—which is a precondition for eligibility on the court—will be reduced to one. The honorable Congress knows that no one in Chile has ever been president of one of the chambers for three years. A one-year period as vice president of a chamber also may make a person eligible for the court.

Huh? [bell rings]. It is moving forward, but it has not yet gotten there. [applause] [someone heard chuckling] [voices heard in background]

The government also will propose the reduction from two-thirds to three-fifths for the quorum necessary to approve constitutional reform projects in an effort to better conciliate the stability of constitutional norms with the flexibility the political system requires to continuously improve its institutions, and thus prevent insufficiently representative minorities from frequently vetoing certain bills.

Finally, it will propose explicitly including the principle of women's equality in the Constitution. Although this principle is already implicitly included in the Constitution, by making it explicit, we will be expressing the people's desire to make it a reality in all aspects of our national life. [applause]

Therefore, we are proposing only nine amendments to the Constitution. This number clearly denies my administration's alleged intention of dismantling our institutions.

Also, in order to improve the effectiveness of the administrative apparatus and ensure the required respect for human rights, we have recently submitted several bills to you: on the comptroller's organic law, on modifications to the statute on public employees, on administrative proceedings, and on administrative disputes.

Through these reforms, which I trust the honorable Congress will approve before I leave office, I will fulfill the promise I made when I was installed: to make our democratic system more perfect and profound.

Economic Growth

In the economic field it is satisfactory to see how the country grows and progresses. We have achieved simultaneous progress in fields that were considered incompatible and even contradictory. In fact, inflation has been reduced significantly, the economy and employment have grown, and we have increased minimum salaries and pension. We also have considerably expanded social spending, and we have maintained a high level of public savings.

The country experienced significant progress last year within the framework of a market economy open to the

world, in which private initiative and business know-how played an important role, and in which the state mainly fulfills a regulatory and development function on the basis of clear and stable rules. This is a policy that has received general national approval.

The figures speak for themselves. After the necessary stage of adjustment was made in 1990, our economy experienced growth of 6 percent in 1991. In the last quarter of 1991, unemployment decreased to 5 percent. This has allowed us to project the lowest unemployment rate since 1973 for this year.

Last year exports reached $9.48 billion, which is the highest in our history. It should be pointed out that this expansion was made through a remarkable diversification and an important increase in importing companies. During 1991 the most important exports included mining with $4.47 billion, agroindustry and agriculture with $1.65 billion, sea products with $1.9 billion, and tourism, which also provided around $700 million. Non-traditional exports also increased by 30 percent compared with 1990.

Investment, which is a basic factor in the growth process, reached 18.8 percent of the gross domestic product in 1991. This a substantially higher figure than the average of 15.6 percent from 1984 to 1989.

Of this total, foreign investment—which in 1990 reached a record peak of $1.1 billion and was the same in 1991—achieved a new historic record among government-approved investments of $3.4 million. Not only has the amount of money and countries investing increased, but also the amount of approved projects has increased, and larger investments have been made in sectors with the most value-added products. All this is clear evidence of the confidence the world has deposited in our economy.

This process of growth is accompanied by the clear success in controlling inflation, which dropped from 27.3 percent in 1991 to 18.7 percent this year, and clearly continues to drop. This situation allows us to seriously set more ambitious goals for the next few years, with the objective of placing Chile in the exclusive group of countries with one-digit annual inflation rates. I do not need to stress the economic and social importance of this effort. Low and controlled inflation allows the consolidation of an atmosphere of stable expectations for the economic agents, reducing uncertainties and risks as they decide on their investments and plan their activities. It also guarantees stability for those families who live on a salary. It liberates them from the fear of uncertainty and poverty that the loss of their purchasing power represents.

Regarding this goal, the government is doing its part. Within the restricted budget in which we are acting, we made a great effort in public savings, which last year reached 6.4 percent of the gross national product. This has greatly allowed national savings to increase to 19 percent, the highest level in many years. I want to reiterate here my government's commitment to a policy of austerity and public savings for this year and the next, which I hope will be matched with similar behavior by the people.

Export businessmen have expressed concern for the low dollar exchange rate. In the face of these legitimate concerns, I reiterate the government's commitment to maintain and improve the strategy of growth based on the sustained increase of our exporting capacity. The foreign exchange policy has been one of the pillars of our strategy in the past, and it will continue playing an important role in the future. But the exporting capacity cannot be sustained only on the dollar exchange rate. This government would be irresponsible if it encouraged such a possibility, basing it on a comparative advantage stemming from an artificial overvaluation of the dollar exchange rate. This policy would represent bread for the present but hunger for the future. The challenge we must face is to increase our international competitiveness based on significant improvements in our national production, the modernization of our enterprises, and our capacity to identify and adopt technological innovations, which are the only advantages in international trade that have proven to be solid through history. As a country we must make an effort to begin the second stage of our exporting development. My government is actively dedicated to setting the conditions for this effort. Businessmen, workers, universities, and the whole country must coordinate and improve actions and wills to really modernize our economy.

I will now speak about what is happening in some specific areas of our economy.

Agriculture

In this field, exports increased 18 percent last season. The wine industry recovered significantly, increasing—after a serious crisis for many years—its export volume by more than 50 percent, revitalizing the national market and yielding positive effects on the vineyards in the dry lands of the El Maule and Bio Bio regions.

Beet plantations also increased considerably. The planted area of beets increased from 31,700 hectares in 1990 to 52,000 hectares in 1991, ensuring production levels near self-sufficiency.

Milk production also increased for the sixth consecutive year, at a 5 percent annual rate, and milk consumption increased to 112 liters per inhabitant, one of the highest in our national history.

Something similar has happened with beef consumption, which reached the record level of 40 kg per inhabitant. These figures reflect the improvement of the people's income level.

In the case of wheat, the slight reduction of the planted area during the 1990-1991 season and adverse weather conditions have prompted increased wheat imports. However, such a situation has improved wheat prices,

which climbed 10 to 12 percent above the safety level offered by Cotrisa [expansion unknown], clearly benefiting producers.

New forestry plantations last year amounted to 107,000 hectares, an area never achieved before.

The government has paid particular attention to the strengthening of the public farming sector through a program—partially financed by the IDB [Inter-American Development Bank]—to mainly reinforce the work of disease control and protection carried out by the SAG [Agriculture and Livestock Service] and the research projects carried out by the INIA [National Institute for Agricultural-Livestock Research], as well as to intensify support programs for small farmers. The INDAP [Agriculture and Livestock Development Institute] increased its technical assistance level by 65 percent. Beneficiaries from farming credit programs increased by 75 percent. A joint INDAP and Fosis [Social Aid and Investment Fund] program has been implemented to execute irrigation works to benefit small farmers. This program helped 4,000 families on 13,000 hectares last year. The Conaf [National Forestal Corporation] sponsored forestry programs assisting more than 7,000 peasant families on 5,000 hectares.

Mining

The mining industry's performance has been equally positive. Mining production increased 10 percent last year compared with the previous year. In the case of copper, production reached a record 1.8 million metric tons. The production of gold, silver, molybdenum, iron, zinc, and several other nonmetallic minerals also increased. The estimated value of total mining exports amounted to $4.3 million. These figures make Chile the largest producer in the world of copper and saltpeter, and second in lithium carbonate, iodine, and molybdenum. And Chile is among the top 10 gold producers.

The mining industry's future is promising. Exploration concessions increased 68 percent in 1991, and real foreign investment hit a record figure of more than $600 million. Investments by Codelco [Copper Corporation], Enami [National Mining Enterprise], and Enap [National Petroleum Enterprise] also increased to more than $1.1 billion, a record figure.

To this we must add the projects that are under way to increase the added value and commercialization terms of our mining products through the increase of our copper-smelting capacity. Studies are under way to expand and modernize the Enami smelting plants. Codelco and Enami have signed a protocol to expand the mining plants of Andina and La Ventana. The Chagres smelting plant is being expanded. The construction of the Refimet [expansion unknown] smelting plant has begun, and the Pacific Smelting and Refining Plant [Fundicion y Refineria del Pacifico] firm has been created with an investment of about $500 million to process 600,000 metric tons of mineral.

A special mention should be made of the actions implemented by Codelco—which is the country's main enterprise—to overcome the problems inherited by this administration and to reach the production level the country expects from it.

This policy is made up of the following initiatives: A. increase investments to improve its operations and replace its mining resources for about $100 million a year; B. aggressive exploration plans to seek new resources, including the discovery of the so-called (Mansa) mine. New concessions of 300,000 hectares were given in 1992; and C. the recently approved new law allowing Codelco to associate itself with third parties to exploit mines that are not active and not included in the reserves, and to transfer the small and medium-size mines to Enami. [passage omitted]

Infrastructure

The infrastructure of roads, ports, airports, sanitation, and irrigation are very important for the country's development. Unfortunately, this is an area that has been greatly neglected in the last few years. Therefore, my government decided to carry out an investment program of $2.35 billion for the 1991-1994 period, which I announced to the country last September. [passage omitted]

In this regard, investments in infrastructure grew 22 percent last year compared with 1990. The 1992 infrastructure budget has been increased more than 36 percent. The infrastructure budget increase of 67 percent in the last two years will allow the rehabilitation and expansion of port facilities, the improvement of the running water and sewage system, the treatment of sewage water, the improvement of urban and interurban roads, the expansion of our airports, and the expansion of irrigation projects. [passage omitted]

Energy

The government has tried to create favorable conditions for growth. Investors' confidence in the government energy policy was demonstrated by the beginning of operation last year of the Pehuenche and Alfalfal hydroelectric plants and by the recent conclusion of the work to expand the natural gas thermal electric plant in Puerto Natales, which will supply gas to the Magallanes area. All these are private initiatives. These works will be complemented by the construction of five other plants in the next five years; two of them will be thermal electric and three will be hydroelectric plants, while electricity will be supplied to Chiloe Island through an air cable.

Regarding electricity, the supply is guaranteed for the current decade.

The following are measures that will allow us to further improve our supply of oil fuels: investments to expand and improve the Con Con and Concepcion oil refineries to produce nonpolluting fuels, the five special contracts for oil exploration and exploitation in Chile with the

participation of the Enap and international companies already under way, nine contracts with Argentine or international companies to explore and exploit basins in the sister country, and negotiations to build an oil pipeline between Neuquen and Concepcion to bring surplus Argentine crude into Chile.

In connection with this area, the government has been particularly concerned about the need to make rational use of energy and about the environmental effects. To this end, regulations have been issued for pollutants, and a decision has been made to include environmental preservation as a parameter in energy generation projects, for which purpose a program of analysis of the various ongoing projects was started.

In the energy sector, the Eighth Region's coal crisis has posed a serious problem. The government has sought a comprehensive solution to this problem, rejecting the easy and demagogic solution that disguises the problem by transferring its negative effects to other areas of the economy. The government has sought to transform the field's production capacity in the medium term.

During an intermediate phase, the coal industry will be restructured by concentrating production efforts in economically feasible mines.

In order to make sure this process will develop in a gradual manner, a bill was submitted to Congress for subsidizing the coal industry. The Agency for Reconversion of the Coal Industry, which was created as the (?COR) committee and which already has begun to work, will promote private investment and the efficient use of public funds, favoring the creation of stable jobs in new, profitable economic activities with good possibilities for long-term development.

Within this context, a program for the reconversion of Enacar [National Coal Enterprise] has been set in motion to reconcile the enterprise's actual possibilities for the future and the interest of workers, thus avoiding situations of critical and serious social uncertainty.

Small- and Mid-Sized Enterprises and Promotion of Production

In all modern economies, the growing development and improvement of small and mid-sized enterprises is a particularly important factor.

Aware of this, in July 1991 the government set in motion a national program of support for small and mid-sized enterprises, the (PYME), in an effort to provide such enterprises with the financial instruments and the technical assistance that they need in order to achieve full development and modernization.

Among the various initiatives implemented for this purpose—especially by the Corporation for the Promotion of Production—are the risk insurance policies that guarantee the credits granted to these enterprises, the financial middlemen's function, and the Center for the Promotion of Investments, which promotes joint ventures [preceding two words in English] between local businessmen and foreign investors.

The Technical Cooperation Service is developing projects that promote complementation and partnership between businessmen of the same area in order to improve their production and bargaining capacity.

The state bank opened a line of credit for owners of small enterprises.

With the same objectives, we submitted a bill to Congress to create, with the EC's participation, the Chile-EC Business Foundation, which will seek to efficiently promote modernization of local production sectors, especially in small and mid-sized enterprises with export potential.

Scientific and Technological Development

In the development of our economy, we have reached a stage in our growth that relies mainly on our capacity to produce goods with higher locally added value that may advantageously compete on the international market.

This endeavor demands that we, as a country, make a special effort to promote scientific and technological development. To this end, the government has implemented the Fund for the Promotion of Scientific and Technological Development, FONDEC, and the National Fund for Technological and Production Development, FONTEC.

Together these two funds have been allocated $183 million for the next four years, thus becoming the greatest effort ever made by the country in this field.

We also must emphasize the mining policy that is designed to improve the technology used by state-owned mining companies and to strengthen the nation's ability to engage in research and development of mining techniques. The Mining and Metalworking Research Center's reorganization is an important step within the framework of this policy. This center has signed a three-year, $14.5 million agreement with Codelco.

Meanwhile, taking advantage of the valuable experience it has accumulated over the years, the Corfo is studying new mechanisms to cope with the new productivity, efficiency, and quality requirements that the state companies will have to fulfill.

The Path of Social Equality

We repeatedly have stated that economic growth by itself is not enough to defeat poverty because the fruits of this growth are not distributed fairly and do not reach the most neglected strata of society. This is particularly true of countries like ours with relatively low per-capita income where the poverty and even misery of many people coexists side by side with the prosperity and even

opulence of others. Having reached scandalous proportions and become a permanent cause of social instability, this situation calls for justice to be done. [applause]

Therefore, when we took over we undertook the commitment to do our best to pay back what we call the social debt accumulated over the previous years.

In 1990, Chile had more than 5 million poor, of which 2 million were in a state of extreme poverty. It is our moral duty to direct our utmost efforts to resolve this problem by improving the standards of living and giving more opportunities to our poor fellow countrymen.

This is a difficult task that requires understanding and solidarity from all of us. It is a time-consuming task because it is not merely a question of increasing the purchasing power of the needy without duly taking into account the possibilities of our economy. Experience teaches us that populist policies mean food today and hunger tomorrow and ultimately lead to increased poverty.

My government has given high priority to this task because we are convinced of the above and because we are dealing with a basic demand for justice. We have implemented a set of labor policies in order to improve poor people's situation. We have given priority attention to health, education, and housing needs; integration for development; and solidarity with the most unprotected groups.

Labor Policy

In order to have social peace and justice, it is necessary that relations between workers and entrepreneurs develop based on equality and cooperation. Social laws must guarantee workers' basic rights and see that those rights are truly respected. Salary policies must duly contemplate the satisfaction of workers' essential human needs and the possibilities of our economy.

During the past two years the call I made when I took power for an understanding between workers and entrepreneurs has found an open and cooperative answer, and I thank those involved for their cooperation.

This year—for the third consecutive time—the government, the Commerce and Production Confederation, and the United Labor Federation [CUT] have agreed on a basic salary policy to determine minimum salaries. The last two agreements have established a criteria for salary adjustment based on an estimate of the expected inflation rate for the period covering the new salary agreement and labor productivity, a criteria that is in agreement with national goals to promote growth and reduce inflation.

The government and CUT also have agreed on a basic adjustment scale covering family allowances and the single family subsidy. As a result of this policy, during my administration minimum salaries have increased 16.2 percent compared with the consumer price index, workers' real salaries have increased an average of 6.8 percent, and the participation of labor in the economy has improved by $300 million. [passage omitted]

Looking Into the Future: Youth and the Environment

I do not want to finish without mentioning two subjects to which I want to give priority attention during my administration's remaining time: youth and the environment.

No government concludes all its work during its mandate because the work, rather than being done by the government, is a task of the nation. In the past few years we have made equal progress in our democratic coexistence and in our growth. Chile is now better off. I trust we will continue making progress during the time that remains in my mandate. But it is obvious that whoever comes after me must continue with the effort to improve our democracy, develop our economy, and attain greater justice and solidarity within our coexistence. I think we have reasons to be optimistic. The Chilean people are homogeneous, intelligent, and capable of meeting challenges and doing things well. Our country has rich potential: mining, fishing, forestry, fruit production, industry, and tourism. The future of Chile depends on our people and our land. Consequently, we must look after them. Our people of the future are our present children and youths. Are we looking after them as we should and preparing them for their work? It is true that we are doing our best to improve their education. But are we transmitting to them deep values and inspiring them with great ideals? I see them disoriented, lacking faith, with a look of discouragement.

And what is the problem with our land? Its future will depend on what we are doing to it today. It is true that in the past few years we have become aware of its value and the need to look after it. We created a National Environment Commission and a Special Decontamination Commission for the Metropolitan Region. We have issued norms on air quality in rural areas and on the protection of our maritime resources. We are carrying out cleanup work on our sewage waters. We are demanding evaluations of the impact that mining and industrial projects will have on the environment. We recently passed a draft bill on the recovery of our natural forest land and to promote forestry. Never before was so much done to protect the environment. However, in several areas our air asphyxiates us, our waters are polluted, our river basins and mountain sides are eroding, and our forests are being devastated.

With the purpose of granting a solid legal base to the several actions and policies that make up a sustainable development process, I soon will send Congress a framework draft bill on the environment. This initiative will establish the institutional basis for political and public environmental exploitation, whose main instrument will be the National Environment Commission. It will establish modern instruments for such exploitation, such as the evaluation of environmental impact. It will include

general norms on the management of natural resources and pollution. It will establish the civil responsibility of individuals or companies for their actions or omissions that may harm the environment. It also will establish the government's responsibility for the harm deriving from noncompliance with its environmental obligations through its administrative organizations. The draft bill is the object of a long study and of consultations by the main social, business, and political actors. I do not doubt it will be the subject of your deep and serious analysis in order to allow this country to soon count on this basic legal instrument for the preservation of our national patrimony.

We must arouse the enthusiasm of our young so that they will pledge their allegiance to a better country and dedicate their lives to it. We must revive Chile from south to north, from the sea to the mountains, and we must make our skies clear again, and our waters clean. These are the great tasks that must be done immediately and that will outlast us. Will we be capable of facing this with a vision of the future, of giving up the temptation of always obtaining small advantages, of overcoming selfish conflicts? We must think big and act accordingly; this is the example the young demand from us. It is also the behavior our land demands from us. I ask God to help us understand it and to make us capable of understanding each other, for the well-being of Chile. [applause]

Senate President Comments

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[Telephone interview with Senate President Gabriel Valdes by anchorman Bernardo de la Masa—live]

[Text] [De la Maza] Good evening, Senator.

[Valdes] Good evening, Bernardo.

[De la Maza] We have just heard the clear positions expressed by senators and deputies of the right, who categorically rejected the constitutional reform proposal announced today by President Aylwin. Do you believe that we are at a dead end, or do you believe that this situation will change, and what would be your arguments?

[Valdes] I think the reform proposals announced by the president today are within a context that fully justifies a revision of the Constitution. There are no strait-jacket constitutions and there is no doubt that our Constitution has some mechanisms that were conceived under a political structure and a state of mind that were not fully democratic. To change some aspects of that structure does not mean dismantling the Constitution, which I think has many good aspects. It means adjusting it to the needs of a democratic society that essentially seeks to elect a president and a Congress and whose power is no greater than the power stemming from the people with full respect for the institutions.

I think we have a problem of adjustment here. I also think that this matter will be studied carefully in Congress, especially in the Senate, because it is a very serious matter. Slowly we will reach an agreement that will imply changing what needs to be changed, not just for the sake of change but because the majority wants it. If the majority is opposed to reform, there will be no reform.

[De la Maza] Senator, there are two senators, Sergio Fernandez and Sergio Onofre Jarpa, who clearly stated that they are opposed to all reforms announced by the president. According to your experience with the current way of thinking in the Senate, do you see any possibility that this position may change?

[Valdes] I am used to hearing firm negative positions at the beginning. The answer is usually no in the beginning. But when the laws reach the Senate and the Chamber of Deputies, that no becomes a perhaps, and then, during the debates, with paper and pencils in hand, a consensus is gradually achieved because we must continue developing. Things are not strict in the Senate. Thus, my two-year experience in the Senate tells me that the initial categorical no is usually changed into a perhaps, and I do not mean in the case of this matter alone, but for many other things.

[De la Maza] Then, you are optimistic, despite all the opposition.

[Valdes] I am optimistic by birth and, after two years of experience here, I want to refer to one reform that I think is necessary and on which I think everyone will probably agree with me, and I am proud to say this because I have personally discussed it with the president: to eliminate the time between the regular and the special sessions to allow better equality between the legislative and the executive branches.

[De la Maza] That is obviously one of the easiest reforms, Senator. Let us talk about a subject that is a little more complex. Does your optimism also include that of ending the fact that the commanders in chief cannot be removed?

[Valdes] The president has proposed the end of this period as the end of the term of the current commanders in chief. I do not know whether this will be discussed now, but there is no doubt that in any democratic regime, and I dare say in all democratic regimes of the world, the commanders in chief stay in their posts for as long as they have the confidence of the president of the Republic. And I do not see why this rule, which is valid for all democracies and for the most stable democracies, cannot be implemented in Chile, since it was in use here until 1973.

[De la Maza] Thank you very much, Senator, for being with us tonight.

[Valdes] Thank you.

Party Official Critical

PY2505021492 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 22 May 92

[Telephone interview with National Renewal Party President Andres Allamand by anchorwoman Cecilia Serrano—live]

[Text] [Serrano] Good evening, Mr. Allamand.

[Allamand] Good evening, Cecilia.

[Serrano] The opposition has already expressed its open opposition to all the reforms announced by the president of the Republic in his speech today. We would like to know your view of this and your reaction.

[Allamand] Well, I think the most important thing here is not to distort the essence of the speech. I would like to make two brief comments. First, when the president of the Republic gives a retrospective of the situation, he is alert to the bad things, but he overlooks the good things. Second, the constitutional reforms, without disregarding their importance, are neither urgent nor a priority at this moment.

Right now, these reforms are scheduled to go into effect after 1997. I regret that the great failure of the presidential message is that it has no concrete proposals for subjects that concern society today. Where are the concrete proposals for overall health reform? Where are the proposals for an education reform that will be in line with the labor market? Where are the proposals to help us eradicate poverty instead of concentrating on statistics on the number of poor people? I think this reflects the government's image. The country is doing reasonably well; I am not saying the opposite. But this is a government that administers, and not a government that regulates the goals of the future.

[Serrano] Mr. Allamand, then you mean, concerning the reform proposals announced by the president, that you do not disagree, but that this is not the appropriate moment...

[Allamand, interrupting] No Cecilia, I am saying something very simple. There is an inconsistency in the presidential proposal. He says that the country is doing extraordinarily well. If the country is doing that well, then the institutional system is not as bad as he claims.

[Serrano] Then, do you think that the institutions, the designated senators, and the fact that the commanders in chief cannot be removed are subjects that do not exist in any other democratic country in the world, as the president said? Do you agree with the idea of keeping these issues here?

[Allamand] I think we have to divide things here. The president has proposed a few things, such as those you mentioned, but I do not think reform is truly justified, especially with regard to the National Security Council, which was modified in 1989. I think the central structure of the 1980 Constitution is key to the country's future success, and, for this reason, we must keep it. Now, there are minor adjustments, such as those mentioned by the Senate president, that can be studied without any haste, within a serene, calm, and thoughtful spirit, and with no urgency at all. But the gist of the 1980 Constitution must be kept, if the country is to continue growing.

[Serrano] Then, I would like you to answer my other question. Do you feel the fact that the commanders in chief cannot be removed and the institution of designated senators must be maintained? These have been the most controversial issues.

[Allamand] Listen, Cecilia, the permanence of the commanders in chief is relative because they are subordinate to the National Security Council. As for the designated senators, my proposal is very simple. The president said they must remain until 1997. I think the institution must study this issue in 1996. The Senate president has said that the institutional senators have contributed to the transition and the functioning of the Senate. Why solve this now? Let us solve it in 1997 with all records on the matter at hand and with a thoughtful, serene spirit about their role.

[Serrano] But, prior to the current government, National Renewal favored this change. You remember this, do you not?

[Allamand] Cecilia, our position has not changed. We have said that at this stage of the country's political life, the institution of designated senators has been useful. You have seen that the government itself agrees with us. The government does not want the designated senators to stop existing now, but this institution must end in 1997. Without changing a word of our position, I want to say the following: Let us meditate serenely and solve this matter in due time—in 1997.

[Serrano] Thank you very much for your participation in our program, Mr. Allamand. Good evening.

[Allamand] Thank you, Cecilia.

Party Leaders React

PY2505081392 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 23 May 92

[Text] The political parties have stated their positions on the constitutional amendment proposals announced by President Patricio Aylwin yesterday. The right insisted that the amendments will affect national stability, while the Coalition of Parties for Democracy said that the amendments are essential to attaining real democracy.

[Begin recording] [Christian Democratic Party leader Genaro Arriagada] We proposed these amendments to the Constitution, first, because they represent universally accepted democratic principles and, second, not because the current articles bother us due to a selfish matter of power or a problem with certain people, but because they represent the residue of an old-fashioned

authoritarianism that does not exist in any democracy of the world. Consequently, we hope to amend them.

[Independent Democratic Union leader Jovino Novoa] We think that the amendments clearly aim to return to a political system that failed 30 years ago in Chile. Therefore, we will reject these proposals to amend the Constitution. Obviously there is one point, one among the nine proposals, that is connected to modernizing the legislative system and that we do not include in our criticism.

[National Renewal leader Sergio Onofre Jarpa] If there exists a national unity and consensus to discuss the pending problems, why should this atmosphere be altered? Why should the rules of the game be changed now? Because that is what they want. Therefore, we now invite the government not to continue with this purpose. We urge the government to prioritize national interests and national stability instead of trying to impose an election program designed in 1988.

[Socialist Party leader Ricardo Nunez] We must overcome the contradiction between a total, real, participative, and modern democracy, such as the ones observed in the current world, and a captive democracy, that is, a protected democracy, as was the situation during the previous regime supported by the right.

[Communist Party leader Oscar Azocar] The government has chosen a path that has proven a failure. The amendments will not be approved in Congress; therefore, we think that the amendment proposal is a demagogic attitude of this government aimed at attracting votes in the upcoming 28 June municipal elections. [end recording]

Ministry Report Issued

PY2505010692 Santiago Radio Cooperativa Network in Spanish 2300 GMT 22 May 92

[Text] According to a performance evaluation contained in a 487-page Defense Ministry report, the ministry, the national defense institutions, and other subordinate organs have efficiently discharged the duties that they have been entrusted with by the Constitution and the law. Basically, these duties entail the preservation of national sovereignty and the Republic's institutional order.

President Patricio Aylwin summarized the contents of this report in his state of the nation address to Congress on 21 May.

In addition to the work that the Armed Forces have undertaken in support of the community, the report states that in keeping with the electoral law, the Armed Forces and Carabineros will cooperate with preparations for the elections in June 1992. This will be done through the garrison commanders, who will command the forces in charge of maintaining public order so that elections can be held normally. Garrison commanders have already been designated.

The report emphasizes the military's cooperation during the natural disasters that affected the country in 1991, such as the storm in Antofagasta and the eruption of the Hudson volcano in Coihaique.

With regard to the Carabineros, the report states that during the period [not further specified], the Carabineros arrested 715,550 persons involved in various types of crimes. As for support to the courts, the Carabineros implemented 1,247,618 court orders with an efficiency of 87.4 percent.

The Investigative Police managed to clarify 232,000 cases out of a total of 500,000 crimes that were investigated, all of which led to the recovery of 11 billion pesos. In addition, the Investigative Police confiscated 192.465 kg of cocaine, 23,000 kg of marijuana, and 2,453 units [not further identified] of pharmaceutical substances.

Among the Investigative Police's objectives for this year are studying and proposing necessary modifications to existing regulations and maintaining the police intelligence function within the law.

Aylwin Meets German Envoy, Honecker Discussed

PY2805021292 Santiago Radio Cooperativa Network in Spanish 2300 GMT 27 May 92

[Excerpts] The German Government has launched a diplomatic offensive with respect to the Honecker case. German State Minister Ursula Seiler-Albring today admitted that German-Chilean relations are being affected by the continuation of the Honecker case and by his staying at the Chilean Embassy in Moscow since 11 December 1991.

Although she did not confirm it, she hinted that if this situation continues, the German Government may adopt economic sanctions against the Chilean Government.

In a news conference, she reported that in the letter she delivered today to President Aylwin, German Chancellor Helmut Kohl tells Aylwin that the time has arrived to put an end to Honecker's asylum in the Chilean Embassy in Moscow. [passage omitted]

Seiler-Albring said the German Government wants Honecker extradited so that he can stand trial. She says that Honecker is not a political refugee. He is charged with four murders and is responsible for the deaths of hundreds of Germans who died trying to cross the Berlin Wall.

Referring to the meeting with the president of the Republic, she said that bilateral relations have been affected.

[Begin Seiler-Albring recording] As I already said at the beginning of this news conference, a very pleasant atmosphere prevailed during the talks with President Aylwin because no sort of threat was mentioned on that occasion. I think that threats will never be conducive to

appropriate solutions, and consequently this idea is far beyond my way of thinking. What we want is to urge the Chilean Government to put an end to Honecker's illegal asylum. We also think that this fact is a burden for the Chilean Embassy and Government. We want to continue holding and developing good bilateral relations. This is an annoying case and we have to try to find a solution. [end recording]

Seiler-Albring asked the Chilean public to try to understand the German position.

Communique Issued

PY2905022692 Santiago Radio Cooperativa Network in Spanish 2300 GMT 28 May 92

[Report by Manola Robles]

[Text] In an official communique, the Chilean Government stated that it is up to Russia to solve the Honecker case. The communique was released this afternoon by acting Secretary General of Government Edgardo Riveros by order of the president.

One of the main topics of the communique states:

[Begin Riveros recording] The Chilean Government believes that the charges made against Honecker by the German court is a step forward in this case. The next step would be for Russia to comply with Article 13 of the International Agreement on Civilian and Political Rights—ratified by Germany, Russia, and Chile—from the jurisdictional viewpoint. This will allow the Chilean Government to immediately suspend Honecker's asylum in the Chilean Embassy. [end recording]

The communique states that President Aylwin today answered the letter sent to him by Chancellor Kohl, and that he asked Germany State Minister Ursula Seiler-Albring to personally deliver it to Kohl.

The official communique is in response to statements made by Seiler-Albring on the Honecker case upon her arrival in Chile. It states that the Chilean Government understands the German people's desire that those responsible for crimes against innocent people in the former GDR be punished. It also says that the Chilean Government does not doubt the competence of the German court to prosecute Honecker. The communique textually says: The Chilean Government does not seek to prevent Honecker from being tried by the court or to maintain him as a guest at the Chilean Embassy in Moscow for an indefinite time.

It says that, as President Aylwin already has stated in his letter addressed to the German chancellor on 16 December, Chile wants a prompt solution to the problem within the framework of the law and equity, that is, in keeping with international law.

The communique notes that this is what Ambassador James Hodger is trying to obtain in his talks with the German and Russian Governments. It concludes by saying that Chile never has suggested political but legal solutions.

Colombia

Gaviria Pessimistic on Peace Talks With Rebels

PA2805200392 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 28 May 92

[Text] President Cesar Gaviria said on 28 May that National Liberation Army and Revolutionary Armed Forces of Colombia guerrillas have become bandits and drug traffickers. Gaviria virtually ruled out all possibility of reaching an agreement with the terrorist guerrillas.

In very strong language, Gaviria said a few minutes ago that the talks with the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] will be suspended. He said the CNGSB is made up of drug traffickers and is not truly willing to work for peace. He openly condemned the guerrillas' violent actions, and said their insane acts are destroying the country, and added that their many years in the jungle have led them away from national reality.

[Begin Gaviria recording] The guerrillas have no plans for peace and do not know what they want. Their many years in the jungle have distorted their perception of national reality, modernization, and the country's progress. They have been treading a dangerous path of dishonesty and crime. With the passage of time, many of their fronts more and more resemble bands of common criminals and drug traffickers, who kidnap and blackmail as a way of life and who exploit peasants and Indians by organizing them to plant and market poppy and coca, a business that benefits a few drug traffickers and leaves the country with the difficult situation of violence and social disruption. [end recording]

Gaviria said finally that the nation and the president will continue to support fully the Armed Forces' actions to wipe out the guerrillas.

Rebels: 'Criminal Gangs'

PA2905034592 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 28 May 92

[Text] For President Cesar Gaviria Trujillo, the recent actions by the CNGSB were the final straw. In a ceremony held at the Santander General School, he referred to the CNGSB members as plain killers. He also said it was cynical of them to want to hold —in the midst of so many crimes and abuses—talks on economic changes, human rights, and administrative corruption.

President Gaviria said the CNGSB lacks a peace proposal, does not know what it wants, has a misguided view of the country, is guilty of political shortsightedness, and in its irrational actions has decided that savagery is

better than peace and believes it can bring the people to their knees through violence.

[Begin Gaviria recording] Every day, its fronts resemble common criminal gangs or drug traffickers who have turned kidnapping and extortion into a way of life. They exploit peasants, settlers, and Indians, whom they organize to plant and sell poppy and coca plants.

They killed Uraba's political militants and leaders in a campaign that the authorities and the people thankfully brought to an end.

They kidnap and let honest people with a clean record of service in the country die in captivity, such as Argelino Duran Quintero, while they demand ransom from their relatives.

The guerrillas activated their terrorist urban wings to burn buses, explode bombs at banks and companies, scare businessmen, and intimidate citizens whose only wealth is their work and hope of building a future for their children. [end recording]

The president reiterated once again it is impossible to make progress on the topic of the agenda when the guerrillas do not declare a cease-fire and end hostilities.

Ecuador

Foreign Ministry Doubts Existence of Rebel Group

PA2805175392 Mexico City NOTIMEX in Spanish 2315 GMT 27 May 92

[Text] Quito, 27 May (NOTIMEX)—The Ecuadoran Foreign Ministry expressed on 27 May its doubts to the existence of the hitherto unknown activist group known as the "Heroes of Canto Grande," which has claimed responsibility for the dynamite attack on the ministry's office building.

A Foreign Ministry spokesman told NOTIMEX that they do not believe that the group exists, and that the points made by those responsible for the attack are ridiculous and unrealistic.

"Those arguments are not even worthy of comment because in this country, there is nothing to justify terrorism," he said.

A Guayaquil newspaper reported on 27 May that its offices in Quito received a communique signed by the heretofore unknown group called "Heroes of Canto Grande," claiming responsibility for the attack.

The group argued that the "attack" on the Foreign Ministry building was in "protest" for the "massacre at the Miguel Castro Castro prison in Lima, Peru, in which several Shining Path members" were murdered by the Army and the police.

The organization stated that, through these "protests," they hope to force Ecuador to break diplomatic relations with Peru and expel that country's diplomatic representatives in Quito.

In the communique, the alleged activists demanded a statement from the Ecuadoran Government to the international forums demanding "drastic sanctions against the Peruvian regime for violating the people's rights."

The Guayaquil newspaper reported that in the letter the group also urged the people to "fight the current (Ecuadoran) Government" and speak out "against the next presidential elections" to be held in July.

Peru

Fujimori Discusses Coup, Democratization Plans

AU2905104392 Hamburg DER SPIEGEL in German 25 May 92 pp 164-170

[Interview with President Alberto Fujimori by editors Jens Gluesing and Helene Zuber in the Government Palace in Lima; date not given: "The People Trust Me"]

[Text] [DER SPIEGEL] Mr. President, you have been nicknamed Chinochet recently. Are you Peru's Pinochet?

[Fujimori] The people do not feel they are in a dictatorship because they enjoy all liberties. They are even freer than they were prior to 5 April. The people continue calling me "Chino," Chinaman.

[DER SPIEGEL] On 5 April you disbanded Congress and suspended the Constitution. What do you wish to achieve by these measures?

[Fujimori] I am trying to find a way to turn Peru into a real democracy, even though it seems to be paradoxical. There has never been a democracy here comparable to the type of democracy that you have in Europe.

[DER SPIEGEL] Now you are making all decisions alone, dismissing judges, generals, and the Central Bank chief. However, the citizens have no part in these measures.

[Fujimori] It is a necessary transition phase. But you should ask them whether they are opposed to those decisions.

[DER SPIEGEL] Were you considering a putsch when you took office in 1990?

[Fujimori] No, I intended to govern within the framework of the existing Constitution. However, I concluded that it was impossible.

[DER SPIEGEL] Has the military brought pressure to bear on you?

[Fujimori] No, in no way. In making the decision, I reacted to what the people urged me to do. I, of course, had to coordinate my actions with the Armed Forces.

[DER SPIEGEL] The United States and a number of European countries—Germany, for instance—have frozen economic aid and credits for Peru. Did you expect such a reaction?

[Fujimori] I expected opposition, because as a result of the military presence, initially the impression of a traditional coup was created. Reaction abroad was tougher than I anticipated because I was unable to explain my goals to the outside world clearly enough.

[DER SPIEGEL] You promised to hold elections in April next year and said you would present a new constitution. However, the legislators who were laid off, supported by the OAS, are demanding that elections for a constituent assembly be held now.

[Fujimori] We will form the Democratic Constituent Congress soon, which will have three tasks: It will draft a new constitution, enact laws, and collect taxes.

[DER SPIEGEL] How will the participants in this Congress be picked?

[Fujimori] They will be directly elected by the people. The people will also vote on the draft constitution.

[DER SPIEGEL] Are you planning to govern through plebiscites?

[Fujimori] We will not only hold plebiscites on the laws and the constitution, but also on government decisions. We are going to create a democracy according to the U.S. model, which excludes no one.

[DER SPIEGEL] How is that supposed to work?

[Fujimori] To begin with, we must democratize the political parties. So far, only the political leaders have had any say, and the people must take what is given them. Not even the party members have an influence on who moves into Congress. With the old Constitution, such a reform would not have been possible in the foreseeable future. The deputies would never have agreed to a curtailment of their privileges. More than 90 percent of the people back me, including even many followers of opposition parties. For the first time in Peru's history, there is something like a national consensus.

[DER SPIEGEL] Nonetheless, the dismissed legislators have declared your former vice president, Maximo San Roman, legitimate chief of state.

[Fujimori] Ask the people: There is only one man here who governs.

[DER SPIEGEL] You have claimed that corruption in the judiciary and the administration has obstructed your reforms. Where do you get honest judges and officials?

[Fujimori] Such an evil cannot be eradicated at one time. We must attack it on various fronts. In the past, the Supreme Court justices could not be removed from office, and that was conducive to corruption. For instance, the judiciary put 200 terrorists at large over the past two years. We will change that. Several days ago, we removed all judges at the Labor Court from office. No one has protested, because everyone knows what a judgment by them cost—$5,000, $15,000, or $50,000.

[DER SPIEGEL] Corruption apparently even includes your own family. Your wife accused your brother recently of misappropriating donations from Japan.

[Fujimori] The public prosecutors are examining these accusations. The government is continuing its campaign against corruption unhindered.

[DER SPIEGEL] The military on which you rely is also considered corrupt. Some officers are allegedly involved in drug trafficking.

[Fujimori] That is correct. We are going to thoroughly improve their ethics, too. But not all of the military officers are corrupt. The Armed Forces are on the right path, and they are backed by the people.

[DER SPIEGEL] According to Amnesty International, 250 people "disappeared" during the first 15 months of your tenure or were executed without a court sentence. Must the people be afraid of the security forces?

[Fujimori] It is not nearly as bad as it was in the past when 30 persons were reported missing every month. Today it is no longer the case that soldiers move into a town or village and kill all its inhabitants. By my order, the military build roads, make field hospitals available in emergency, or distribute food in areas of drought.

[DER SPIEGEL] Are soldiers and policemen punished for offenses?

[Fujimori] All offenses are prosecuted. Every soldier who has been convicted is dismissed or demoted.

[DER SPIEGEL] You ordered security forces to storm the Canto Grande prison in Lima. At least 35 inmates were killed.

[Fujimori] Everyone knows what was going on in the prison. Shining Path terrorists planned their attacks there. Canto Grande was controlled by them for six years. We had to storm this fortress.

[DER SPIEGEL] After Canto Grande had been taken, delegates of the OAS Human Rights Commission wanted to inspect the prison and talk to the prisoners. Why did you not permit the delegation to enter the building?

[Fujimori] The risk involved was too great. I could not rule out that a stray bullet would hit one of the representatives, or that the terrorists would take hostages.

[DER SPIEGEL] Relatives of the victims, who had to identify the bodies, say that some bodies showed signs of torture.

[Fujimori] That is impossible. The police did not enter the cell blocks of the terrorists at all. The security forces did not have control over the prison at any time.

[DER SPIEGEL] When may the Human Rights Commission enter the prison?

[Fujimori] Only when the situation has normalized.

[DER SPIEGEL] Do the Shining Path terrorists already control two-thirds of the country?

[Fujimori] This is not true. We have imposed a state of emergency over two-thirds of the country so that the Armed Forces can act freely.

[DER SPIEGEL] How do you explain the success of the Shining Path? The terrorists have already infiltrated some suburbs of Lima.

[Fujimori] The Andean Highlands, where the Shining Path developed, have always been neglected by the government. No one took the first attacks 12 years ago seriously. Later, the police and the military let themselves be provoked to carry out uncontrolled retaliatory strikes. The suppression drove the peasants into the arms of the terrorists. I have pursued a completely different strategy and have forbidden punishment expeditions, even if the Shining Path has infiltrated the villages. The Armed Forces are supposed to regain the trust of the rural population.

[DER SPIEGEL] You have had weapons distributed to the peasants.

[Fujimori] Yes, because I want the people to start fighting against terrorism—of course, with the support of the military.

[DER SPIEGEL] Could this lead to civil war?

[Fujimori] The weapons are only intended for self-defense. They are simple Winchester rifles.

[DER SPIEGEL] Can you keep your promise to destroy the Shining Path by the end of your term of office in 1995?

[Fujimori] We are trying to cut its head off. For this purpose, we are now directly attacking the terrorist headquarters. These are the universities in particular. In the past they were sacrosanct, because the Constitution gave them autonomy. The police and the military were permitted to enter the campus only at the request of the rector. I have suspended this article. I had troops march into the universities.

[DER SPIEGEL] What do the students say about this?

[Fujimori] They are enthusiastic. When I recently asked the students in San Marcos University in Lima whether I should send them troops to guard the university premises, they said: Yes, but could they please also post sentries in the buildings.

[DER SPIEGEL] This is what an authoritarian regime looks like, which the terrorists have always dreamed of for their goals: You provide them with the justification for their call for a popular uprising. Every day people die in Lima during attacks.

[Fujimori] The Shining Path wanted a military dictatorship. However, I am heading the most civilian government that has ever existed in Peru, and all the people support me.

[DER SPIEGEL] You want to punish terrorism automatically with life terms in prison. Are you sure that it is always the right people who are imprisoned?

[Fujimori] We will be even more strict and complete in our investigations. However, those who swear off terrorism may join the Armed Forces and will be protected by them. In addition, we will reduce the sentences of terrorists who are willing to provide information.

[DER SPIEGEL] Your credibility will also depend on whether you can guarantee fair trials.

[Fujimori] So far many judges have made wrong decisions out of fear of being killed. This practice will stop, because in the future judges involved in trials of drug trafficking and terrorism will remain anonymous.

[DER SPIEGEL] Peru is the world's largest cocaine producer. The Shining Path has allied itself with the drug cartels. How can you break this alliance?

[Fujimori] We must remove the attractiveness of the terrorists. We must not persecute the cocaine farmers in the same way as the drug dealers. This is what we have agreed on in the agreement with the United States about combating drugs. In the past the cocaine farmers were driven to the Shining Path because they sought protection from the police. Now they no longer need that. We hope that they will now start to stand against the terrorists.

[DER SPIEGEL] After your coup the Americans strongly reduced their assistance in fighting drug trafficking. Can you manage the problem on your own?

[Fujimori] Peru cannot win this battle alone. The United States should have the utmost interest in continued cooperation. After all, most of the cocaine is consumed there. So far the help of the Americans has been of little use, anyway, because it does not tackle the reasons for the cultivation of drugs.

[DER SPIEGEL] If the peasants could earn more money with other products, they would not need to cultivate coca.

[Fujimori] To achieve this, the industrialized countries would have to open their markets to our products.

[DER SPIEGEL] You have prescribed a radical treatment for the Peruvian economy. Can you stick to your reforms without foreign aid?

[Fujimori] We must improve our image abroad so that aid starts flowing again.

[DER SPIEGEL] Very few Peruvians are paying taxes. How do you plan to fill your state coffers?

[Fujimori] We have issued an order that tax evasion is to be punished with prison terms. No one will receive preferential treatment anymore, neither legislators nor millionaires.

[DER SPIEGEL] The entrepreneurs have sent millions of dollars abroad since the coup.

[Fujimori] Yes, they were temporarily uncertain of the future. The money has started to return. The entrepreneurs have assured me of their support.

[DER SPIEGEL] Is Peru able to continue paying its foreign debts?

[Fujimori] This depends on how the OAS treats us.

[DER SPIEGEL] At the moment you are still popular with the poor...

[Fujimori] ...also with the rich.

[DER SPIEGEL] What will it cost you to preserve this popularity?

[Fujimori] Paradoxically, I am popular even though I am pursuing such a tough thrift policy. The people are fed up with populist promises. They want progress in the long term.

[DER SPIEGEL] Two-thirds of Peruvians are miserably poor. How long will they remain patient?

[Fujimori] They trust me. They do not expect any miracles. In addition, I will make sure that the help from the state for the first time reaches those in need directly and does not disappear somewhere in the bureaucracy.

[DER SPIEGEL] In Venezuela the impoverished people are rebelling against the government's austerity policy. Will there be hunger revolts in Peru, too?

[Fujimori] You cannot compare the two situations. The Venezuelans had experienced an economic boom in the past.

[DER SPIEGEL] Your soldiers are paid so poorly that they cannot live off their salaries. Some of them drive taxis in their free time. Do they expect you to reward them now?

[Fujimori] The soldiers and the civilians, are aware of the fact that Peru is in a crisis. They support my reforms because they believe they will succeed and not because they are forced to obey me.

[DER SPIEGEL] Are you afraid that you might lose control over the military and that your current supporters will oust you?

[Fujimori] This depends exclusively on the will of the people. The Berlin Wall, too, fell only because the people wanted it. The Peruvians would not tolerate a military dictatorship.

[DER SPIEGEL] Do you believe that your coup might be a signal for other countries in Latin America, which are in the throes of a crisis?

[Fujimori] I do believe this, because the peoples in Latin America want true democracy. What you call a coup has turned Peru into an exemplary democracy.

[DER SPIEGEL] Mr. President, thank you for this interview.

San Roman Says Constituent Assembly Must Occur

PA2805151092 Lima Panamericana Television Network in Spanish 1200 GMT 28 May 92

[Text] On 27 May, Maximo San Roman presided over a meeting at the Tacna Parade Grounds, during which he called for the immediate convocation of the constituent congress. With him were politicians Edmundo del Aguila, Ricardo Lets, Vladimiro Vegazo, and Julio Diaz Palacios.

San Roman said the people are beginning to see that nothing has improved since the 5 April disruption of constitutional order. Addressing the large group that attended the meeting, he criticized Alberto Fujimori for his actions on that date, saying that he must now fulfill his promise to immediately convoke a constituent congress with the OAS as an observer.

Issues Communique

PA2905014692 Lima Radio Programas del Peru Network in Spanish 2328 GMT 28 May 92

["Excerpt" of communique: "Dialogue for the Return to Democracy" issued by Engineer Maximo San Roman at his home in Lima on 28 May—read by announcer]

[Text] Opposition political groups and organizations—in view of the recent resolution issued by the OAS stating that the return to democracy in Peru should take place in the framework of a political dialogue for which an OAS delegation led by Uruguayan Foreign Minister Hector Gros Espiell will arrive in Lima on 30 May—announce their position regarding this dialogue.

1. The dialogue should occur within a framework of respect for the freedom of people, political parties, and eliminate measures that obstruct or limit the rights of legislators, as well as the rights of political leaders in general.

2. The dialogue should only be based on a commitment to convene a free, sovereign constituent congress without

restrictions. The dialogue must, therefore, be guided by the amendments, contents, and spirit of the mandate of the constituent congress, its duration and composition, the characteristics and guarantees of the election process, the reorganization of the National Election Board, procedures, election dates, and the installation of the constituent congress.

3. The dialogue should be held within the framework of the national and international commitment to return democracy to Peru and the OAS mission will be invited to promote the actions that can lead to the fulfillment of the dialogue.

Those signing this document, which also includes other points, are the following political party representatives: Gustavo Mohme Llona, Mercedes Cabanillas, Fausto Alvarado, Antero Flores Araoz, Juan (Abogataz), Ricardo Letts Colmenares, Luis Bustamante Balaunde, Fernando Calmell del Solar, Victor Arroyo Moyobamba, Manuel Dammert, Roger Caceres Velasquez, and Rolando Hinojosa.

[Hamburg DPA in Spanish at 0003 GMT on 29 May in a similar report adds: "In a communique signed by 12 political organizations, the opposition proposed that the dialogue begin on 8 June and that elections for a constituent congress be held on 8 November, after reaching a prior agreement on the rules that will apply."]

Rebel Attacks Continue; Casualties Reported

PA2805135492 Madrid EFE in Spanish 0523 GMT 28 May 92

[Text] Lima, 28 May (EFE)—At least 18 persons—11 soldiers, two policemen, and five civilians—were wounded as a result of the terrorist attacks in Lima, police sources reported.

The wounded soldiers were part of an Army contingent in a truck hit by an explosive charge that was detonated in the path of the vehicle, on 27 May in the Huachipa area, eastern Lima. The sources said the explosive charge was placed on the highway and activated by terrorists in the nearby hills with a remote control, however, the explosion occurred when the truck was a few meters away from the charge. The troops sustained slight injuries.

A car bomb exploded on the night of 27 May in San Luis District, near the Lima Fruit Market police station. Two policemen and five civilians were seriously wounded in this attack and considerable property damage occurred. Sources said the car bomb was loaded with 100 kg of explosives.

The terrorist attacks coincided with the Peruvian Government's decision to extend the state of emergency by 60 days in Lima Department and El Callao Port, since terrorist activities continue in those areas.

The state of siege is in effect in the 10 districts that compose the Department of Lima—the capital city—and the nearby port of El Callao.

Police Station, Market Damaged

PA2905031992 Lima Global de Television Network in Spanish 0100 GMT 29 May 92

[Text] On 28 May, workers were frantically trying to remove the rubble caused by the car bomb explosion at the Wholesale Fruit Market, where considerable damage was suffered. Two persons were killed and nine injured as a result of the explosion, which also damaged the police station in the area.

Clean-up operations at the Fruit Market began early on 28 May to remove the rubble left by the terrorist attack, which occurred on the night of 27 May.

The 26th Command Police Detachment was left practically in ruins. The market's administrative offices were also seriously damaged, and some stores sustained slight damage to their metal doors and walls. Business establishments in blocks four and five on Pablo Patron Avenue, where the explosion occurred, suffered damage from the blast effects. The extent of the damage has not yet been determined.

[Begin unidentified merchant recording] It is still too early to determine the extent of the damage. As you can see, there was considerable damage, not only in the administrative offices, but also inside the market and in some stores. Some doors were blown of their hinges in my office and also at the union office. The equipment and walls were seriously damaged. [end recording]

Floods resulting from the broken pipelines were controlled hours later by personnel assigned to repair the damage.

Meanwhile, in addition to blocking traffic and protecting what was left of the police station, the police continued to investigate in Cerro El Pino and arrested a dozen individuals without identification documents.

For market vendors, despite the special security measures and the presence of journalists and curious people, 28 May was another day of work, although they deplored the incident in which two people were killed.

Reaction to Minister's Report of New Rebel Group

PA2805185592 Lima Panamericana Television Network in Spanish 1200 GMT 28 May 92

[Text] Interior Minister Juan Briones's recent remarks regarding the emergence of a new terrorist group has caused apprehension throughout the country. Representatives of various groups say these events should be taken very seriously if terrorism is to be eradicated in Peru.

[Begin recording] [First unidentified speaker] When a person makes a statement, basic ethical and legal principles demand that he must prove his allegations. If the interior minister says there is a new subversive group, he must say what group it is and who they are. I am sincerely surprised. They [in the Government] have been

unable to defeat the country's familiar terrorists groups, the Tupac Amaru Revolutionary Movement [MRTA] and Shining Path. I am truly confused because they have been unsuccessful over a number of years and yet they are now saying that they have discovered—I do not know if through [word indistinct] science or alchemy or some other method—that there is a third terrorist group. I honestly do not understand. I insist that if the minister alleges that this group exists, he must prove it.

[Second unidentified speaker] It is obvious that every time the possibility of enjoying true democracy is hindered, we face the risk that certain groups will feel tempted to resort to violence. This afternoon I spoke with individuals from the security field, and they told me that the manner in which the attack was perpetrated, its imprecision, and its lack of a clearly defined target, was unlike the Shining Path or MRTA. They said the interior minister's assumptions are well founded.

For us, the members of the Freedom Movement, firm supporters of democracy who cannot accept any form of violence, this concerns us and motivates us to be more active in working for peace in the country.

[Third unidentified speaker] I believe the assertion is reckless because terrorist groups—as experience has proven—are formed over a long period of time. Shining Path was formed over a 10-year period, before 1980; it began in 1969. The MRTA's formation began in 1975. Therefore, it is very difficult to believe that overnight a new group has emerged with such unusual operations and barbarism. I believe this attack was perpetrated by the Shining Path or the MRTA; they have both stepped up their attacks following the institutional coup on 5 April.

[Unidentified reporter] Why, then, would he make such a statement?

[Third speaker] I believe the statement was intended to divert attention a little, or a means to cunningly blame possible future incidents on any political party that opposes the government. [end recording]

Government Accepts Japanese Donation

PY2805234392 Lima EL PERUANO in Spanish 16 May 92 p A1

[Summary] The government has accepted a donation from Japan of 3.5 billion yen to purchase goods, provide services, and to promote the Peruvian economic structural adjustment. The Bank of the Nation is the financial agent that will manage the fund.

Venezuela

Perez: Democracy Not Threatened by 'Subversion'

PA2805232792 Caracas Venezolana de Television Network in Spanish 1600 GMT 28 May 92

["Excerpt" of speech by President Carlos Andres Perez following the inauguration of the 43d annual convention of the Venezuelan Chamber of the Radiobroadcasting Industry in Caraballeda, Venezuela on 27 May—recorded]

[Text] In Venezuela, we are experiencing a crisis that, as you heard me say upon opening this 43d national radiobroadcasting general assembly, is reflected by the unrest and uncertainty with which we have had to cope. Of course, we cannot allow minority sectors who are still living in a past that crumbled violently—the era of guerrilla insurgence and violent actions—to take advantage of the current situation to provoke acts of violence and the destruction of natural resources. This will lead to nothing and will, unfortunately, cause disquiet and uncertainty in the country.

What is happening? What is being called subversion: the burning of buses, cars, and (?trucks)—in a word, the violence that will not be able to shake the strong foundations of Venezuelan democracy. This was clearly and definitely seen on 4 February. Violence does bring desolation, concern, and the loss of resources to our country. It also brings to those with the least resources—the middle- and low-income classes—the problems of increased shortages of access to transportation and of increased unrest. Moreover, those who have to be in the streets will suffer from these disruptions of public order that bring no benefit. Although these disruptions will not harm our democracy, they do disturb the people's peace of mind.

Demonstrations Continue

PA2805224692 Mexico City NOTIMEX in Spanish 2059 GMT 28 May 92

[Text] Caracas, 28 May (NOTIMEX)—Student protests were reported in the Venezuelan capital and the cities of Los Teques, Santa Barbara, and Maracay once again on 28 May. In addition, the police raided the homes of two supporters of February's coup in Maracay.

President Carlos Andres Perez reported over the radio that small subversive groups are manipulating the student protests to inflict damage to private and public property. Perez also announced the implementation of forceful measures to deal with the protesters.

At least two buses were stoned or burned in student demonstrations and clashes in Caracas and downtown Maracay, 110 km west of the capital in the fourth consecutive day of street violence in Venezuela.

A section of eastern Caracas was practically paralyzed when students from the Gustavo Herrera High School set a mass transit bus on fire, clashed with the police, and threw rocks at vehicles along Libertador Avenue, Radio Rumbos reported.

Health Ministry doctors demonstrated peacefully at "El Venezolano" Plaza demanding better working conditions.

In Santa Barbara, in southern Zulia State, university students threatened to close the main roads leading to this important cattle region, a local radio station reported.

It was also reported that on the morning of 28 May in Maracay, the police raided the homes of two activists of the so-called National Bolivarian Assembly, named for the movement that staged the 4 February foiled coup attempt.

After a quiet day on 27 May, violence returned to Los Teques, 25 km south of Caracas, where students clashed with police and the militarized National Guard on 25 and 26 May.

The transportation service in that city was suspended and businesses were closed to prevent possible looting. "Radio Rumbos" reported that "strange individuals" infiltrated the demonstrations.

The street protests followed the "false resignation" of the police chief of Miranda State and in spite of a commitment by the students not to promote more violent actions.

Violence erupted last week in Los Teques after the police shot a retired soldier, who was the father of a student. This prompted a petition to transfer Police Chief Ricardo Mendez.

The Caracas Metropolitan Police maintained preventive surveillance near the Central University, where on 27 May, hooded individuals and students hurled Molotov cocktails and stones at security forces.

Up to 1400 (1800 GMT), there were no reports on the number of injured or arrested people.

National Subversion Denied

PA2905013892 Caracas Venezolana de Television Network in Spanish 0004 GMT 29 May 92

[Text] President Carlos Andres was asked about the alleged participation of subversive groups that strive to disrupt the country's constitutional order. Referring to this, he confirmed a few minutes ago the existence of misfits whose intentions—the president explained—are to use the situation that prevails in the nation, but they in no way represent subversion at a national level.

[Begin recording] [Perez] The plan is undoubtedly being implemented since 27 May. I said this already in my statements at the inauguration of the radiobroadcasting general assembly.

[Unidentified reporter] Referring to the statements [words indistinct].

[Perez] I must not intervene in that. Political leaders and government representatives have already given statements on it.

[Reporter] Nevertheless, many spokesmen have recently said that there is a subversive movement, Mr. President.

[Perez] I have stated....

[Reporter, interrupting] The people believe it is a smoke screen.

[Perez] I have stated that it is not a subversive movement. I believe the burning of trucks and buses and the bank robberies are not a smoke screen. They are a fact and are a result of the current situation. We cannot consider the fact that riots occur simultaneously in several parts of the country a coincidence; however, it does not imply the existence of a subversive movement. It cannot be identified as such. These are actions carried out by small subversive groups that want to permanently destabilize the country and counter the process that Venezuelans are carrying out to overcome our current crisis. [end recording]

Defense Minister Cited

PA2905042092 Caracas Venezolana de Television Network in Spanish 0000 GMT 29 May 92

[Text] Defense Minister General Fernando Ochoa Antich confirmed the arrest of Douglas Bravo. The interior minister will issue a communique on the matter in the coming hours, but Gen. Ochoa made the following statements:

[Begin recording] [Ochoa] The characteristics of the various demonstrations throughout the country have clearly demonstrated that this, without a doubt, is part of a preset plan that seeks to destabilize Venezuelan democracy. It so happens that those movements do not have enough force to carry it out, and the Armed Forces are united to face any outbreak of insurrection in Venezuela.

[First unidentified reporter] Who is behind these movements, Mr. Minister?

[Ochoa] A group of people who were once involved in violence in Venezuela. These people have been very active since 4 February. It was decided to arrest them at this time because of evidence that indicated that they were leading actions that disrupted the public order.

[Second unidentified reporter] What charges will be filed against Douglas Bravo?

[Ochoa] The minister of interior affairs must answer that question.

[Third unidentified reporter] Is it true that a group of military officers was arrested at a ranch in Valencia on the night of 27 May?

[Ochoa] It is absolutely false. No officers have been arrested.

Pinerua Identifies Groups

PA2905020792 Caracas Venezolana de Television Network in Spanish 0000 GMT 29 May 92

[Text] Minister of Interior Affairs Luis Pinerua Ordaz said on the afternoon of 28 May that the government is completely aware of the intentions of certain groups that are interested in disturbing public order, in attacking various points throughout the city, and in creating general instability. The minister made these statements after a meeting with Attorney General Ramon Escobar.

[Begin recording] [Pinerua] In view of this information, certain measures were taken. These measures were taken by the Ministry of Interior Affairs and the Defense Ministry. I can now report with satisfaction that this move has neutralized the planned actions.

[First unidentified reporter] What groups are really behind this? Much is said about groups and organizations, but no one has said what group has enough power to do what you have mentioned.

[Pinerua] I do not know if they have enough power, but there is no doubt that they have been identified. We have identified the former Red Flag group and a new Red Group: Third Option [Tercer Camino]. Illegal irregular groups are behind all these subversive actions.

[Second unidentified reporter] Is this the reason for the arrest of leader Douglas Bravo [Venezuelan Revolutionary Party leader] on the morning of 28 May?

[Pinerua] The government will issue a communique on that issue in a short time.

[Reporter] But the arrest is because of the plan that you had learned about?

[Pinerua] It undoubtedly is related. [end recording]

Minister Pinerua gave no details about the agenda of the meeting at the Attorney General's Office, but he did address the situation created by the riots that shook the city on 27 May. He spoke about the clashes between students and riot police.

[Begin Pinerua recording] There is no decision and no intention to act against the students, but whoever intends to disturb public order and prevent the Venezuelan people from living and working in peace, will be exposed to the appropriate police sanctions. [end recording]

Armed Forces Return Two DEA Helicopters

PA2805192892 Hamburg DPA in Spanish 1645 GMT 28 May 92

[Text] Caracas, 28 May (DPA)—A disagreement between Venezuela and the United States on the struggle against drug trafficking became apparent when Defense Minister General Fernando Ochoa Antich rejected U.S. intervention in Venezuela's internal affairs.

"In Venezuela, neither the government nor the Armed Forces receive instructions from the U.S. State Department," Ochoa Antich told EL NACIONAL.

The minister's remarks occurred on 27 May after the Armed Forces returned two Bell UH helicopters, used in Vietnam, which had been handed over to the National Guard by the DEA to combat drug trafficking in the rural areas of Zulia Department, on the border with Colombia. Venezuela has six other aircraft for operations in this region.

The U.S. State Department believes the National Guard fails to meet the DEA's requirements to fight drug trafficking, Ochoa Antich said. "We have returned the helicopters because the state-controlled equipment in Venezuela responds to the fundamental interests of the Venezuelan state only," he added.

The minister announced that Venezuela will carefully study the U.S. radar system soon to be installed as part of a network to monitor drug trafficking operations in the Caribbean area.

Venezuela is seen as an important base for the operations of local and Colombian drug trafficking rings, which ship their drug loads from the Caribbean coast and through Maiquetia International Airport near Caracas.

Transportation Minister on Policy, Strike

PA2905035992 Caracas Venezolana de Television Network in Spanish 0000 GMT 29 May 92

[Text] Transportation and Communications Minister Fernando Martinez Mottola said that, in his opinion, the public transportation strike scheduled for next week by the Transportation Federation [Fedetransportes] is unjustified.

In response to a call for a national public transportation strike by Fedetransportes President Lucas Perez, Minister Martinez Mottola said that these actions are unjustified because this government has given top priority to the public transportation sector. Minister Martinez said the following:

[Being Martinez recording] A total of 3 billion bolivares have been earmarked for the urban transportation fund to solve the urban transportation problem. And, as has been said before, 1.9 million bolivares will be used to expand the public transportation fleet and to improve the current fleet. These funds will go directly to transportation companies. Meanwhile, the import of taxis has been authorized. There is a decree allowing the import of taxis with certain characteristics. [end recording]

With regard to the student transportation fares, which have been another concern of the transporters and the students, the minister said that a foolproof identification card system is being designed to be used only by students.

With regard to the funds collected as a result of the higher fuel prices, Transportation and Communications Minister Fernando Martinez Mottola said those funds first went to the National Treasury and then into the regular budget. From the budget, 14 billion bolivares were assigned and are currently being used.

Officials Comment on Trade Agreement With Cuba

PA2905000992 Caracas Venezolana de Television Network in Spanish 1600 GMT 28 May 92

[Text] Central Office of Information Minister Angel Zambrano met with the Cuban ambassador to Venezuela to discuss a possible agreement on generic medicines. The meeting was intended to strengthen cultural, economic, and social exchange between the two countries.

[Begin Zambrano recording] I think it is important for the two countries' Health Ministries...[pauses] the Cuban ambassador is interested in the idea and we will endorse it to solve the country's critical problem regarding medicine prices, etc. I think this plan will be very advantageous for our people because, as you well know, generic medicines substantially reduces—sometimes more than 50 percent—the cost of many medical products with a high rate of consumption because they are needed by the poorer classes. [end recording]

In addition, Cuban Ambassador Norberto Hernandez Curbelo said the important thing is the willingness to increase and improve trade and cooperation agreements between the two countries.

[Begin Hernandez recording] We would like to increase the existing trade relations between Venezuela and Cuba. We believe we will achieve this goal in due time. We receive some food from Venezuela, we sell sugar in Venezuela, and we have been selling some generic medicines. We have also been receiving Venezuelan oil through third-party transactions, as everyone knows. [end recording]

* Budget Shortfall To Cause Spending Cuts

* State Government Programs

92SM0398A Caracas EL NACIONAL in Spanish Section D 25 Apr 92 p 7

[Article by Alicia Aguilar]

[Text] The regional governments will have to restructure all their works and service programs for next year. The ministries will be forced to curtail their operational expenses and cut spending on travel allowances, bonuses, salaries, and assistance by 10 percent. The central government will reduce its contribution to the Housing Policy Law by 10 percent.

The state governments will have to restructure all their works or service programs planned for next year because they will be affected by the cutback in the Constitutional Appropriation granted in the 1993 Budget Law.

The cutback will total 11.7 billion bolivares, entailing a 19 percent reduction in the 161.349 billion bolivares initially planned by the central government as a contribution to the regional governments.

The ministry hardest hit in 1993 will be the Interior Ministry [MRI], with 13.137 billion bolivares. This sum includes the amount pertaining to the Constitutional Appropriation, which currently stands at 149.137 billion.

The reduction granted in the 1993 Budget Law totals 60 billion. As for the cuts by ministries, the MRI is followed, in order of magnitude, by the MTC [Transport and Communications Ministry], which will lose 9.494 billion; the MAC [Agriculture and Livestock Ministry], 6.73 billion; the Education Ministry, 6.084 billion; the MARNR [Environment and Renewable Natural Resources Ministry], 5.463 billion; and the SAS [Health and Social Welfare Ministry], 4.669 billion.

The MINDUR [Urban Development Ministry] budget cut was 3.429 billion; while the Defense Ministry budget was cut 2.546 billion; the Secretariat of the Presidency's budget was cut 2.259 billion, and that of the Family Ministry was cut 2.202 billion.

Smaller cuts were made to the budget of the Ministries of Labor (905 million), Foreign Affairs (902 million), Finance (649 million), Justice (457 million), Development (292 million), and Energy and Mines (187 million).

It was stressed that the Finance Ministry budget will reach 301.895 billion bolivares in 1993, of which 295 billion represents obligatory debt service payments to be made during that year.

Marcos Morales, chief of the Central Budget Office [Ocepre], announced that the agencies linked with the legislative and judicial branches (the Congress, the Supreme Court of Justice, and the Judicial Council), the Public Prosecutor's Office, the Controller General's Office, the Inspector General's Office, and the Supreme Electoral Council were exempt from the budget "slash."

Criteria

The 60 billion reduction in the budget is equivalent to 20 percent of the sum originally submitted to the National Congress for consideration, which was in the trillions. Morales noted that the cut represents a rather large sum and forces the government to readjust its operational and works execution spending.

He remarked that certain criteria were established so that the ministries could determine the areas to be cut, based on their own programming and operational requirements.

These parameters encourage spending reductions in the area of contracted personnel, with cuts in superfluous personnel and a 10 percent reduction in other personnel

expenses (travel allowances, bonuses, assistance, and salaries). They encourage a 50 percent cut in spending on machinery, equipment, and real estate; the elimination of new works; and a reduction in the budget items for subsidies, assistance, and transfers to public and private agencies.

Steps will be taken to reduce the contribution to the Housing Policy Law and to make a 10 percent cut in the amount allocated for the decentralized agencies (autonomous institutions and services).

The Ocepre chief emphasized that curtailing personnel spending will not affect the fixed payroll. He indicated that the use of human resources in the public sector will be trimmed and stressed that none of the ministry-run social programs have been affected by this policy of austerity and streamlined spending.

He claimed that the total reduction is equivalent to the amount that is expected to be collected with the implementation of new tax regulations (both transitory and permanent) next year. "We expect the tax laws to be passed between now and when the draft Budget Law is debated and approved. It should be passed by 1 October at the latest. With this new scenario, it will be possible to include some social programs that are not called for in the current budget bill."

Current Budget

Special mention should be made of the reduction in the current budget. In addition to the 53 billion cut made last January, another totaling 20 billion was decided on this week. This will lead to a cut of 73 billion bolivares in public spending.

Morales noted that details will be given next week on the budget items affected by this latest reduction. He described the situation as "really dramatic," commenting that it should prompt reflection throughout the entire country because oil revenues, mainstays of public activity, have declined very sharply.

Nevertheless, despite the difficulties reflected by the public finance situation, the executive branch remains firm on the scenarios originally estimated to calculate the revenues that will support the budget. They are: 1.95 million barrels of oil exports per day, $15 per barrel, and an exchange rate of 65.05 bolivares per dollar.

Public Security

One significant factor should be emphasized, namely, the public security of assets and individuals.

Included in the reduction of the Constitutional Appropriation with which a significant percentage of governmental works and service programs and the municipal contributions are funded, are the budget items pertaining to the pay of police personnel. Moreover, the MRI itself has a cut of 1.437 billion bolivares for its operating expenses.

Just two days ago a rather critical public security situation occurred in Merida State when the state police made a demand for a salary increase. The Merida government promised to raise salaries, and other governments are in the same situation as a result of similar petitions.

The appropriation cutback prompts the prediction, without any great gift of foresight, that the provincial governors will find themselves deeply implicated when it is time to account for the vital works and services demanded by their communities.

* 'Social Megaproject'

92SM0398B Caracas EL NACIONAL in Spanish Section D 25 Apr 92 p 4

[Article by Elvia Gomez]

[Text] Recurrent expenses, impossible for the budget to cover in 1993, will be curtailed, thus allowing some of these funds to be used to defray this year's fiscal deficit.

The chairman of the Chamber of Deputies' Finance Commission, Armando Sanchez Bueno, announced that the Congress is resizing the original bill introduced by the executive branch to finance the so-called "Social Megaproject." This will make it possible to use some of these funds to cover part of the 1992 fiscal budget.

The additional credit of 57.24 billion bolivares to back the social plans will be financed with funds from the sale of public assets. It was introduced in the Congress this month and submitted to the Senate's Finance Committee. This week, the latter sent a copy to its counterpart in the Chamber of Deputies.

The head of the Chamber of Deputies noted that the revisions made in the financial structure of the credit, which total more than 57 billion, are aimed at cutting certain recurring expenses in 1993 and could not be financed with the funds budgeted for that year. Hence, the potential cutbacks that may be made in the "Social Megaproject" could serve to cover part of this year's deficit.

Sanchez Bueno gave a reminder that, initially, the adjustment in spending and revenues for this year's budget indicated a financial gap of 89.142 billion bolivares. However, because the price per barrel of Venezuelan oil did not reach the anticipated level, that deficit could reach as much as 70 billion bolivares.

He underscored the need for various public agencies, especially PDVSA [Venezuelan Petroleum, Inc.] to reduce the volume of investments programmed for 1992, so as to cut the percentage of the deficit with respect to the gross domestic product as much as possible. This message has already been given to the entities comprising the consolidated public sector.

Sanchez Bueno claimed that if, after all, the fiscal deficit reaches about 3 points of the GDP by 1993, "the

situation would not be bad." He recalled that a superpower like the United States is confronted with extremely high fiscal deficit.

As for the 1993 budget cuts approved this week by the executive branch, the congressman said that, "for the present," they would total 60 billion bolivares. He remarked that, in his opinion, new cuts will be coming because revenues originating in nonexistent laws were budgeted and congressional approval for them will be difficult. Furthermore, up until now the government has only sent to Congress the bill creating the luxury consumption tax, avoiding its obligation to submit the other two new tax bills on which the 1993 budget is also counting.

Unfair Document

Sanchez Bueno was not present at the meeting of AD's [Democratic Action] National Executive Committee during which a study was made of the document prepared by a group of business owners that will serve as a basis for the understanding between President Perez and COPEI [Social Christian Party]. However, he claimed to appreciate the need for a national accord among all sectors of society, whether political or not; especially on dealing with the problems of recent months.

Nevertheless, he declared that this document was unfair to the political sector "because, when it is time to assume responsibilities, no one can be excused, much less entrepreneurial sectors that have enjoyed exceptional benefits during the past few years."

Despite his criticism, he suggested that the document in question be analyzed by the political and labor sectors and by the government itself to extract from it whatever might be useful as a factor for Venezuelan unity, "rather than divorce, which seems to be the idea imbuing the aforementioned document."

Finally, he commented on President Perez's criticism of Congress for its alleged delay in passing certain economic laws. Sanchez Bueno maintained that CAP [Carlos Andres Perez] is misinformed, because the Congress has worked diligently and, in many instances, has spent much of its time correcting and revising the documents sent by the executive branch. He said that the latter has repeatedly made wording and procedural errors that could lead to legal clashes, making it impossible to achieve the progress that is intended.